

Measure AA



# Measure AA Bond Annual Accountability Report

JULY 1, 2017 - JUNE 30, 2018



Ana María Ruiz, General Manager  
Stefan Jaskulak, Chief Financial Officer



Bond Oversight Committee

# Table of Contents

## INTRODUCTION

Letter from the General Manager	ii
Letter from the Chief Financial Officer	iii
Mission Statement	iv
Measure AA Portfolio Map	v

## SECTION ONE

Executive Summary	1
Chart 1: Portfolio Allocation to Expenditure Roll Up	2
Chart 2: Portfolio Level Expenditures to Allocations	2
Chart 3: Land Acquisition MAA Expenditures	4
Priority Portfolio Actions by Region (from MAA Expenditure Plan)	7
Portfolio Expenditure Summary— <i>Numerically by Portfolio Number</i>	14
Financial Report by Project	76

## SECTION TWO

Measure AA Ballot Language	
----------------------------	--

## SECTION THREE

Annual Financial Audit Report	
-------------------------------	--

FUNDLED BY

**MEASURE AA**

2014 OPEN SPACE BOND



### PHOTO CREDITS

Top: Long Ridge Open Space Preserve by Jim Mosher  
Lower Left: El Sereno Open Space Preserve by Jack Gescheidt  
Lower Middle: Bear Creek Redwoods Open Space Preserve by Frances Freyberg  
Lower Right: Russian Ridge Open Space Preserve by Deane Little

# Message from the General Manager to the Bond Oversight Committee

**Thank you for the important role you play** to verify the expenditures of bond proceeds, ensuring the District fulfills the commitments made to the voters who passed Measure AA. By reviewing the annual fiscal year expenditures, you validate, on behalf of the public, the efforts made by the District in implementing the community's long-term vision for protecting, restoring, and providing access to their regional open space lands.

This report details the progress made on Measure AA projects in Fiscal Year 2017-18, which touch upon every aspect of our mission, including:

---

**Preserving** 153 acres on the eastern slope of Mount Umunhum, enabling the restoration of altered creeks and threatened drinking water supplies, linking critical wildlife corridors, and providing opportunities to connect existing trail systems.

---

**Restoring** forests and creeks in Bear Creek Redwoods Open Space Preserve through non-native, invasive plant removal with the help of a partnership grant from Santa Clara Valley Water District, one of many projects to prepare for a grand public opening of the preserve in 2019.

---

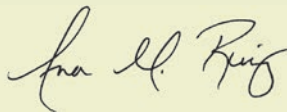
**Opening** La Honda Creek Open Space Preserve to public access, with a new parking area and six miles of hiking and equestrian trails through working ranchlands featuring grazing cattle, cool canyons, and coastal views.

---

We are excited to showcase the District's accomplishments over the last year in protecting and caring for our precious natural resources that support all life in our community. From our local forests, to our streams and watersheds, to our rural ranchlands, these landscapes sustain the Bay Area's high quality of life with clean air and water, natural beauty, local food sources, and places of respite from urban pressures. These are critical values reinforced by the voters with the passage of Measure AA, values that guide the District's work, and values that are upheld by the Bond Oversight Committee as part of your work in verifying our Measure AA expenditures.



Sincerely,



**Ana María Ruiz**  
General Manager

# Message from the Chief Financial Officer to the Bond Oversight Committee

## Bond Oversight Committee:

The Midpeninsula Regional Open Space District is pleased to present our third Measure AA Bond Annual Accountability Report. The voters approved Measure AA in 2014, a \$300 million bond measure to accelerate land acquisition, environmental restoration, and public access within the District. This report highlights Measure AA project progress, District activities in support of these projects, and an overview of bond expenditures for Fiscal Year 2017-18 (FY2017-18). As the District continues to deliver on its Measure AA vision, this report fulfills two key tenets of that legislation: transparency and accountability. We present this report to you to document our progress as we expend those funds according to plan.

As Committee members, your role was defined and authorized by Board Policy, adopted on August 12, 2015, which states:

---

The Committee has the following three responsibilities for each of the years the Measure AA general obligation tax is collected or revenues expended:

---

Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan

---

Review the District's Annual Audit and Annual Accountability report and present the Committee's findings to the Board at a public meeting

---

Review any proposed amendments to the Expenditure Plan

The Committee Chair shall report the Committee's findings at a public meeting of the Board of Directors.

The Committee shall not have authority to recommend, advise, or direct any such matters that may fall under its responsibility to review. The Committee is not advisory to the Board of Directors and has no power to determine how General Fund monies are spent. The Board of Directors retains its authority to make such decisions and determinations.

Going into the FY2017-18 reporting period, the District had spent a total of \$37,464,772 in Measure AA bond funds. The District spent a total of \$10,715,238 directly on Measure AA projects in FY2017-18, with a total of \$48,180,010 spent life-to-date as of the end of this reporting period.

Projects are completed or underway in 20 of the 25 portfolios, with progress in the current reporting year spanning 16 portfolios. Additional efforts in support of the Measure AA portfolios are also noted in the Portfolio Expenditure Summary. The District has funded projects which complement the Bond Expenditure Plan in several active Measure AA portfolios, as well as fully funding work for the current budget period in two portfolios.

Looking ahead, the District continues to invest in projects across the 25 Measure AA portfolios. The FY2018-19 Approved Budget includes projects in 14 portfolios funded through Measure AA Fund Capital.

As you review the District's Annual Accountability Report, we thank you for your time and service to your community and to the health of the environment we all share.



Sincerely,

A handwritten signature in black ink, appearing to read 'Stefan Jaskulak', written in a cursive style.

**Stefan Jaskulak**  
Chief Financial Officer

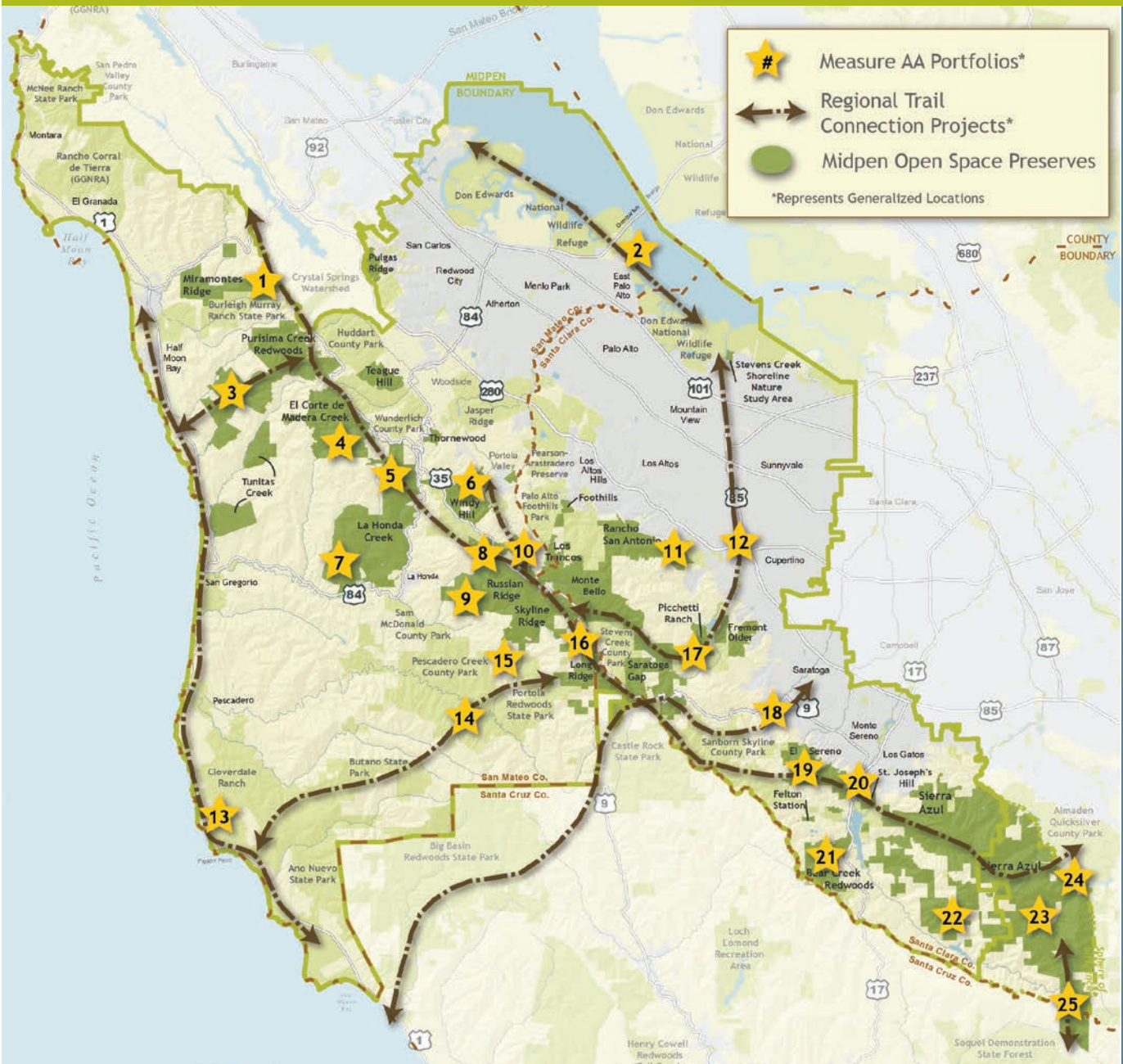
The mission of the Midpeninsula Regional Open Space District is to acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education.

*While implementing the District's overall mission of open space land preservation, resource management, and low-intensity recreation, the District's mission for the Coastal Annexation Area as defined by the Service Plan is:*

*To acquire and preserve in perpetuity open space land and agricultural land of regional significance, protect and restore the natural environment, preserve rural character, encourage viable agricultural use of land resources, and provide opportunities for ecologically sensitive public enjoyment and education.*



# Midpeninsula Regional Open Space District Measure AA Portfolio Map



- MAA01. Open Miramontes Ridge
- MAA02. Build New Bayfront Trails
- MAA03. Complete the Purisima-to-the-Sea Trail
- MAA04. Build Walking, Hiking and Biking Trails at El Corte de Madera Creek
- MAA05. Open Upper La Honda Creek Preserve
- MAA06. Develop New Trails at Windy Hill
- MAA07. Open Driscoll Ranch Area at La Honda Creek
- MAA08. Preserve Upper San Gregorio Creek Watershed
- MAA09. Open New Trails at Russian Ridge
- MAA10. Re-Open Alpine Road at Coal Creek
- MAA11. Build Welcome Center at Rancho San Antonio
- MAA12. Complete Middle Stevens Creek Trail

- MAA13. Expand Grazing at Cloverdale Coastal Ranch
- MAA14. Open New Trails throughout the Redwoods
- MAA15. Protect More Redwood Forests
- MAA16. Create New Access Facilities at Long Ridge
- MAA17. Complete Upper Stevens Creek Trail
- MAA18. Complete Saratoga to Sea Trail
- MAA19. Open El Sereno Trails to Dogs and Complete Trail Connections
- MAA20. Preserve Safe Wildlife Corridors across Hwy. 17
- MAA21. Open Bear Creek Redwoods
- MAA22. Open Cathedral Oaks at Sierra Azul
- MAA23. Open Mount Umunhum at Sierra Azul
- MAA24. Open Rancho de Guadalupe at Sierra Azul
- MAA25. Open Loma Prieta Area at Sierra Azul



La Honda Creek Open Space Preserve by Frances Freyberg

# Executive Summary

**We are pleased to present the Midpeninsula Regional Open Space District's Third Annual Measure AA Accountability Report.** This report spans from July 1, 2017–June 30, 2018 and reflects Measure AA expenditures during this time period. The structure of this document is guided by the Measure AA Ballot language, specifically *Priority Portfolio Actions by Region*, which appears on page 7 of this report.

The 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 funded 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.

No change in portfolio allocation is proposed for this reporting period. In the future, should a shift in portfolio allocations be needed, the Measure AA Bond Oversight Committee will be advised through the Committee communication process.

## **Bond Oversight Committee and Nexus with Budget and Action Plan**

The Measure AA Bond Oversight Committee's role is specific to reviewing retrospective expenditures, so this Committee is not charged with reviewing the budget or other prospective information, unless it is provided as part of an explanation of a proposed Portfolio Allocation adjustment. That said, there is a synergy between the budgeted and actual expenditures, and the following information is being provided as context for, and insight into, the District's management of Measure AA spending.

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.

## **Bond Issuance, Size, and Look-Back**

In June 2014, voters approved a \$300 million general obligation bond to be used 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.

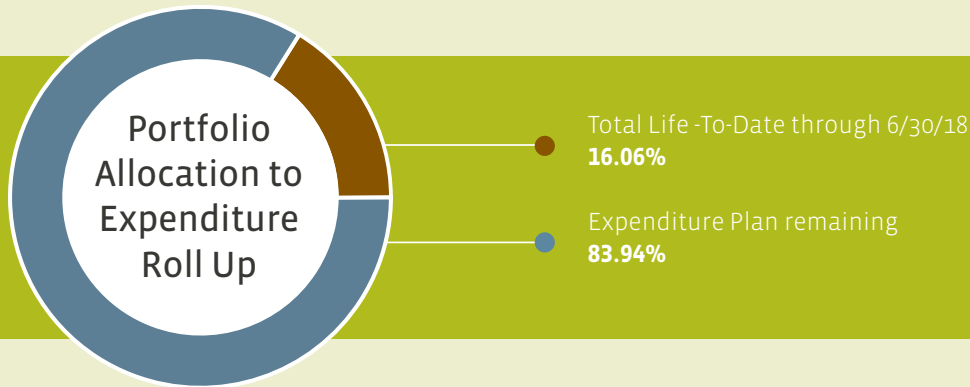
In August 2015, the District issued its first tranche of \$45 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two years, as well as the legally permitted look-back period of 60 days prior to Board's Certification of election results.

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 years.



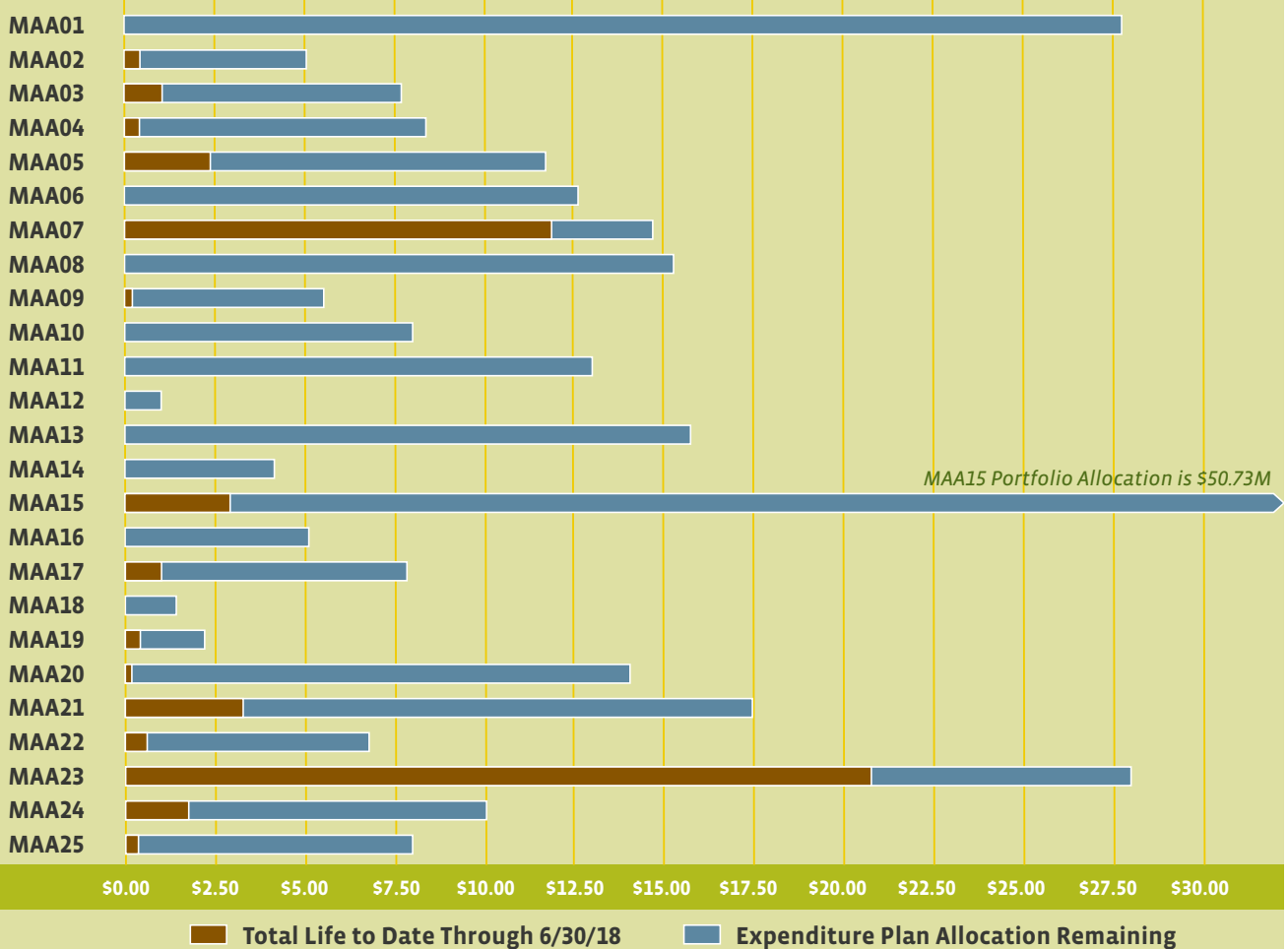
## Portfolio Allocations and Expenditures

The chart below depicts a roll-up of how much of the Total Measure AA Expenditure Plan Allocation has been used on a life-to-date basis.



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 details, please reference the Financial Report on page 66, which contains actual expenditure numbers and remaining allocation.

### Portfolio Level Expenditures to Allocations (In Millions)



## Spending Trends

As of June 30, 2018, an estimated \$48.2 million has been expended from MAA Funds. The primary spending for the period July 1, 2017–June 30, 2018 was in engineering and construction associated with opening the Mount Umunhum Summit to the public. These activities included completing mountain summit restoration; access road repairs, finishing a summit shelter and viewpoint, opening a Native American ceremonial space, and completing parking lots and multi-use trails. Another area of focus was La Honda Creek Open Space Preserve, where the Sears Ranch Road parking area and trail connection were completed prior to the preserve opening to the public. Other key spending areas for this reporting period included progress in Bear Creek Redwoods public access, Alma College site rehabilitation plan, water system and stables site plan, the Harkins Bridge Replacement in Purisima Creek Redwoods Open Space Preserve, and Oljon Trail construction in El Corte de Madera Creek Open Space Preserve.

The District actively seeks land acquisition opportunities for conservation and preservation. At the close of the Fiscal Year, the District added 153.59 acres to the Sierra Azul Open Space Preserve with the purchase of Twin Creeks, 45 acres in Purisima Creek Redwoods Open Space Preserve along Lobitos Creek, and 11.34 acres in El Sereno Open Space Preserve.

In addition to direct spending on Measure AA projects, the District has prioritized key initiatives in support of Measure AA portfolios, including land acquisition negotiations, usage surveys, operational infrastructure improvements, environmental assessments, geotechnical studies, and habitat restorations. The District invests in projects in support of the Measure AA portfolio objectives. These accomplishments are described in detail in the *Portfolio Expenditure Summary* starting on page 14.



El Corte de Madera Open Space Preserve by Ken Lunders

Of the \$10.7 million expended in this reporting period, \$2.6 million was related to Land Acquisition and Related Expenses, which represents 24.7% of all spending for the period. Two tables containing a breakdown of Land Acquisition costs, both current fiscal year and life to date, by portfolio, are included below.

#### Land Acquisition MAA Expenditures (July 1, 2017 - June 30, 2018)

Portfolios with Land Acquisition Expenses	Land Purchase and Associated Costs	Purpose	Notes
MAA03	\$152,630	Chamberlain/Lundell Trust (Lobitos Creek)	Land conservation purchase
MAA19	\$426,550	Gupta/Khan Property Purchase, Dunham-Bohlman Easement	Easement property right and land conservation purchase
MAA23	\$2,050,000	Twin Creeks Land Purchase	Land conservation purchase
MAA24	\$14,900	Morales Property Purchase	Land conservation purchase
<b>FY2017-18 Total</b>	<b>\$2,644,080</b>		

#### Land Acquisition MAA Expenditures (May 11, 2014 - June 30, 2018)

Portfolios with Land Acquisition Expenses	Land Purchase and Associated Costs	Purpose	Notes
01	\$52,915	Potential Property Purchase	Preliminary surveying of property. Opportunity to purchase the land for conservation purposes has not yet been realized
02	\$108,273	SFPUC Easement at Ravenswood Trail	Easement property rights
03	\$534,918	Riggs Property Purchase and Site Cleanup & Remediation, Chamberlain/Lundell Trust (Lobitos Creek)	Includes lot line adjustment, Guisti Uplands, and Lobitos Creek land conservation purchase
05	\$1,756,093	Toepfer and Ashworth Property Purchases	Land conservation purchases
07	\$9,008,773	Apple Orchard and Events Center property and Cunha Property Purchases	Land conservation purchases
15	\$3,018,550	POST/Alpine Ranch Easement, Conley Property Purchase	Easement property right and land conservation purchases
17	\$754,552	Lysons Property Purchase	Property Expense equals Purchase price minus grant income of \$740,000
19	\$426,550	Gupta/Khan Property Purchase, Dunham-Bohlman Easement	Easement property right and land conservation purchases
22	\$540,587	Freudenberg Land Purchase, Hendrys Creek	Land conservation purchase, land conservation easement to Santa Clara Valley Water District who funded full amount of \$1,500,000 for Hendrys Creek parcel
23	\$3,314,084	Meyer Property Purchase and associated costs, Twin Creeks Land Purchase	Land conservation purchases
24	\$1,606,896	Barth, Peterson, Navid/Gagher, Kahn, Morales Property Purchases	Land conservation purchases
25	\$410,150	Burton Property Purchase	Land conservation purchase
<b>Total Land Acquisition MAA Expenditures</b>	<b>\$21,532,341</b>		

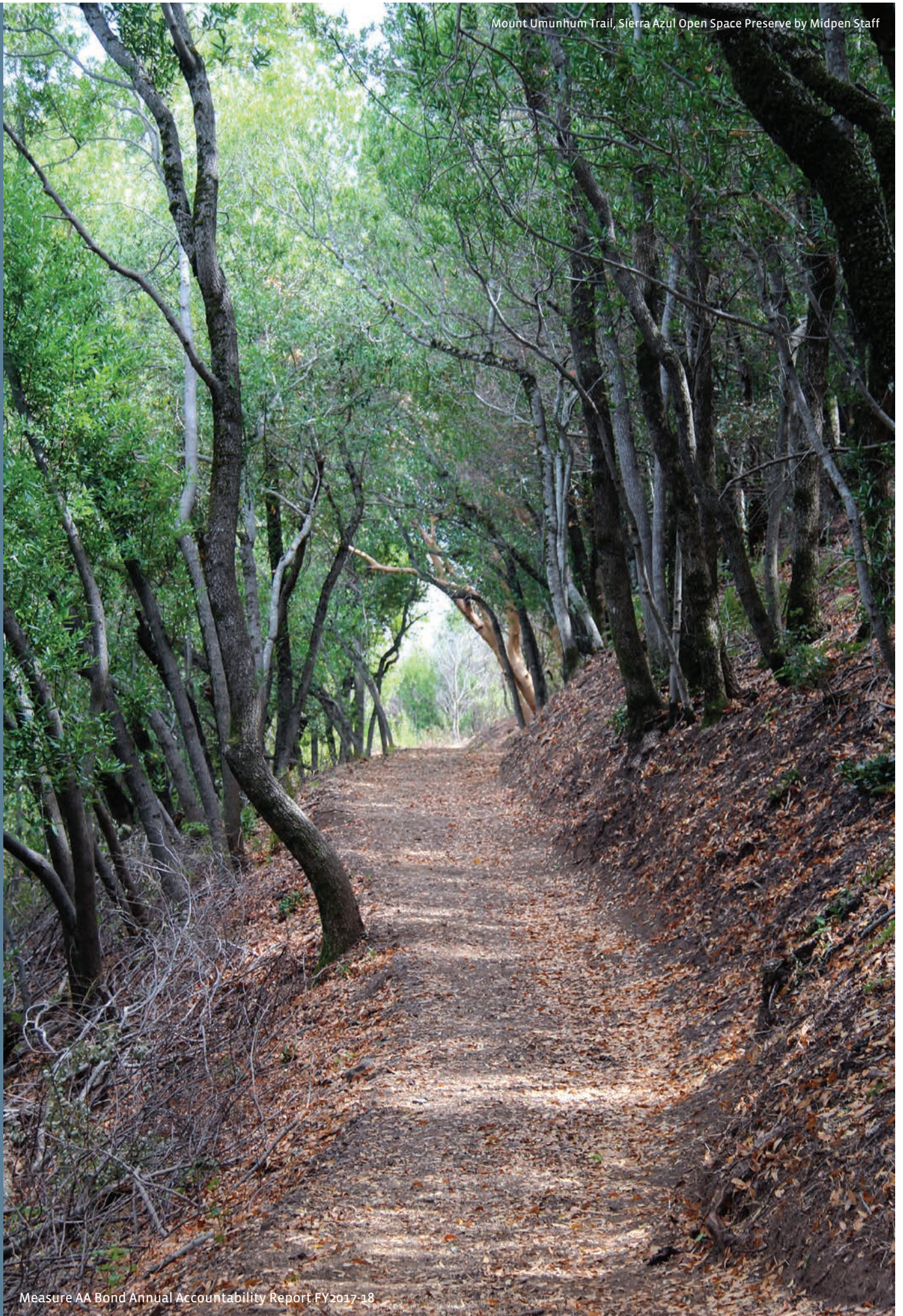
## **Anticipated Future Trends**

The Bond Oversight Committee primarily reviews expenses that have been realized retrospectively. That said, the following section provides a high-level glimpse of the District trajectory, related to anticipated expenditures based on the approved FY Budget and Action Plan as well as operational workload. This is being provided for contextual purposes and to demonstrate the managed progress the District is making toward MAA Projects.

Next year's report, which will cover Fiscal Year 2018–2019, will include the fifth year of MAA funding. As of the close of the next reporting period, it is estimated, based on the Approved FY 2018–2019 Budget that the planned life to date spending will exceed \$64 million, or approximately 21% of the \$300 million bonding capacity authorized under Measure AA.

The capital program for FY 2018-19 continues progress on many phased projects, with a concentrated effort on Bear Creeks Redwoods public access, upper La Honda Creek public access, Ravenswood Open Space Preserve trail connections, and Twin Creeks land restoration in Sierra Azul Open Space Preserve.

Finally, portfolio allocations include estimated land acquisition costs. Since purchases are primarily opportunity-driven, these are estimates not tied to a specific time frame, and we do not know when the properties and/or rights will be available for purchase. The Real Property Department has been actively pursuing targeted opportunities for land purchases as well as the purchase of property rights and easements, and it is anticipated that those expenses may be realized into the future, when the opportunity becomes available.



# Priority Portfolio Actions by Region

(From the Measure AA Expenditure Plan)

## South Bay Foothills

(Los Gatos, Monte Sereno, Saratoga, and Santa Cruz Mountains)



Sierra Azul Open Space Preserve by Erin Ashford

### PORTFOLIO 18

#### South Bay Foothills—Saratoga-to-Sea Trail and Wildlife Corridor

Protect wildlife corridor along Highway 9

Connect trail to Saratoga-to-Sea Trail and Skyline-to-the-Sea Trail

Portfolio Allocation: \$1,365,000

### PORTFOLIO 19

#### El Sereno—Dog Trails and Connections

Provide infrastructure to open trails to dogs

Develop connections to Skyline, Sanborn County Park, and Lexington Reservoir

Portfolio Allocation: \$2,254,000

### PORTFOLIO 20

#### South Bay Foothills—Wildlife Passage and Ridge Trail Improvements

Establish safe corridors for wildlife across Highway 17

Establish Bay Area Ridge Trail crossing

Portfolio Allocation: \$13,966,000

### PORTFOLIO 21

#### Bear Creek Redwoods—Public Recreation and Interpretive Projects

Open for hiking, equestrian activities

Provide parking areas, trails, upgrade stables

Restore and protect habitats for various species

Repair roads and trails to reduce sediment runoff into streams

Rehabilitate Alma College site

Portfolio Allocation: \$17,478,000

## **PORTFOLIO 22**

### **Sierra Azul—Cathedral Oaks Public Access and Conservation Projects**

- Develop multi-use trail and plan future trails as land is available
- Develop parking
- Restore plant communities and soils
- Install trailside amenities
- Preserve additional open space and complete wildlife corridor in upper Los Gatos Creek watershed
- Portfolio Allocation: \$6,714,000

## **PORTFOLIO 23**

### **Sierra Azul—Mount Umunhum Public Access and Interpretive Projects**

- Open Mount Umunhum for multi-use public access to summit via road and trail
- Open Bay Area Ridge Trail and nearby trail connections
- Preserve additional open space and complete wildlife corridor
- Portfolio Allocation: \$27,972,000

## **PORTFOLIO 24**

### **Sierra Azul—Rancho de Guadalupe Family Recreation**

- Open Rancho de Guadalupe to public access
- Develop accessible multi-use trails with amenities such as parking and family recreation
- Restore habitat for rare species
- Protect cultural and natural resources
- Portfolio Allocation: \$10,078,000

## **PORTFOLIO 25**

### **Sierra Azul—Loma Prieta Area Public Access, Regional Trails, and Habitat Projects**

- Provide public access and recreation, including small campground
- Develop, improve, connect regional multi-use trails to Forest of Nisene Marks State Park, to protected land to the east, and to Mount Umunhum
- Protect Steelhead habitat, rare plants and grasslands, and restore Knob Cone Pine Stands
- Portfolio Allocation: \$7,986,000

# Peninsula Foothills and Bay

(Cupertino, Los Altos, Los Altos Hills, Sunnyvale, Mountain View, Palo Alto, East Palo Alto, Menlo Park, Atherton, Redwood City, San Carlos, Woodside, Portola Valley, Skyline)



Rancho San Antonio Open Space Preserve by Karl Gohl

## PORTFOLIO 2

### Regional—Bayfront Habitat Protection and Public Access Partnerships

---

Partner to complete gaps in Bay Trail and develop city-to-bay trails

---

Support wetland restoration and associated interpretive facilities

---

Preserve additional Bayfront open space

---

Portfolio Allocation: \$5,052,000

---

## PORTFOLIO 4

### El Corte de Madera Creek—Bike Trail and Water Quality Projects

---

Develop single-use biking/hiking trails, complete Ridge Trail gaps, and develop trail system leading to parking area

---

Restore damaged trails to improve water quality

---

Preserve additional open space as available

---

Portfolio Allocation: \$8,376,000

---

## PORTFOLIO 5

### La Honda Creek—Upper Area Recreation, Habitat Restoration, and Conservation Grazing Projects

---

Open upper half of the preserve to public; provide biking/hiking/equestrian trails, dog access, and staging areas

---

Provide loop and connector trails

---

Restore habitat for rare species

---

Improve fencing, corrals, and water systems to reintroduce conservation grazing

---

Portfolio Allocation: \$11,733,000

---



## **PORTFOLIO 6**

### **Windy Hill—Trail Improvements, Preservation, and Hawthorns Area Historic Partnership**

Improve trails, complete pond facilities

Increase multi-use trails, study possible improvements to increase dog use

Open Hawthorns Area; develop trails connecting to Portola Valley and Palo Alto trails

Partner to protect, restore, and interpret historic buildings

Improve habitat conditions in Los Trancos Creek

Preserve additional scenic open space as available

Portfolio Allocation: \$12,740,000

## **PORTFOLIO 8**

### **La Honda Creek and Russian Ridge—Preservation of Upper San Gregorio Watershed and Ridge Trail Completion**

Preserve Upper San Gregorio watershed; restore endangered species habitats

Support opportunities to provide additional water for fisheries

Complete Bay Area Ridge Trail multi-use connections and gaps

Provide additional public use facilities

Portfolio Allocation: \$15,347,000

## **PORTFOLIO 9**

### **Russian Ridge—Public Recreation, Grazing, and Wildlife Protection Projects**

Open currently closed areas of preserve

Construct and extend trails

Improve fencing, corrals, and water systems to reintroduce conservation grazing

Improve habitat for sensitive species, implement pond enhancement projects for garter snakes and red-legged frogs

Portfolio Allocation: \$5,560,000

## **PORTFOLIO 10**

### **Coal Creek—Reopen Alpine Road for Trail Use**

Reopen Alpine Road as trail connection between Portola Valley and Skyline Boulevard

Reroute trails to reduce erosion and improve visitor experience

Portfolio Allocation: \$8,017,000

## **PORTFOLIO 11**

### **Rancho San Antonio—Interpretive Improvements, Refurbishing, and Transit Solutions**

Add welcome center

Refurbish and add interpretive exhibits to Deer Hollow Farm

Support of transit improvement options such as bike trails, bike share station, bus service, or additional parking

Portfolio Allocation: \$10,811,000

## PORTFOLIO 12

### Peninsula and South Bay Cities—Partner to Complete Middle Stevens Creek Trail

Support work by cities to develop the middle section of the Stevens Creek Trail and enhance neighborhood connections

Support work by partners to complete stream corridor restoration and Steelhead habitat enhancement below dam

Develop and install interpretive signage

Portfolio Allocation: \$1,038,000

## PORTFOLIO 16

### Long Ridge—Trail, Conservation, and Habitat Restoration Projects (Saratoga)

Improve roadside parking and provide restrooms

Develop new trail connections to Eagle Rock and Devils Canyon

Repair trails for year-round, multi-use access

Protect watersheds for Steelhead

Preserve additional open space as available

Implement pond and habitat enhancement restoration projects to benefit rare species

Portfolio Allocation: \$5,140,000

## PORTFOLIO 17

### Regional—Complete Upper Stevens Creek Trail

Complete multi-use connection between the Bay Trail and Bay Area Ridge Trail above the reservoir through Picchetti Ranch Open Space Preserve and Lower/Upper Stevens Creek County Parks

Improve Preserve trails and neighborhood connections

Preserve additional open space as available

Portfolio Allocation: \$7,760,000



Russian Ridge Open Space Preserve by Lanette Otvos

# Coast

(Half Moon Bay,  
San Gregorio,  
Pescadero, La Honda)



Purisima Creek Redwoods Open Space Preserve by Hayley Edmonston

## PORTFOLIO 1

### Miramontes Ridge—Gateway to the Coast Public Access, Stream Restoration, and Agriculture Enhancement

---

Preserve scenic open space land as available, and establish wildlife corridor

---

Restore fish and red-legged frog habitats in Madonna Creek watershed

---

Partner to enhance water availability for agriculture and fish

---

Develop trail loop system, including Ridge Trail and neighborhood access points

---

Develop staging area, repair bridges

---

Portfolio Allocation: \$27,774,000

---

## PORTFOLIO 3

### Purisima Creek Redwoods—Purisima-to-the-Sea Trail, Watershed Protection, and Conservation Grazing

---

Complete and open multi-use Purisima-to-the-Sea Trail connection between Ridge Trail and Coastal Trail, and new parking areas

---

Preserve additional open space as available

---

Remove fish barriers and restore Lobitos Creek

---

Restore ponds for endangered species

---

Portfolio Allocation: \$7,608,000

---

## PORTFOLIO 7

### La Honda Creek—Driscoll Ranch Public Access, Endangered Wildlife Protection, and Conservation Grazing

---

Open Driscoll Ranch Area; provide biking/hiking/equestrian trails, limited dog access, parking areas, and interpretive displays

---

Develop loop and connector trails

---

Restore habitat for endangered species

---

Restore La Honda Creek; remove fish migration barriers

---

Portfolio Allocation: \$14,825,000

---

## PORTFOLIO 13

### Cloverdale Ranch—Wildlife Protection, Grazing, and Trail Connections

Improve fencing, corrals, and water systems to increase conservation grazing and sustain large contiguous grasslands

Restore habitat for endangered species

Provide trail connections to nearby state parks

Portfolio Allocation: \$15,712,000

## PORTFOLIO 14

### Regional—Trail Connections and Campgrounds

Develop trails between Butano, Pescadero County Park, Russian Ridge, and between Skyline and Portola Redwoods, and Big Basin State Park

Partner with county and state parks to improve existing campgrounds

Portfolio Allocation: \$3,966,000

## PORTFOLIO 15

### Regional—Redwood Protection and Salmon Fishery Conservation

Preserve additional open space as available

Protect and enhance redwood stands, mountain scenery, various habitats, and Steelhead salmon

Portfolio Allocation: \$50,728,000



La Honda Creek Open Space Preserve by Frances Freyberg

# Portfolio Expenditures

Numerically by Portfolio Number



Windy Hill Open Space Preserve by Ichiro Asao

# Preface

**The Portfolio Expenditure Summary** includes a description of each of the 25 MAA Portfolio projects, which was included in the Measure AA ballot language, under the Expenditure Plan section. Included within each Portfolio Description is the Portfolio Allocation, which also was designated in the Expenditure Plan. This bond funding allocation may be shifted if needed following the Board of Director's approval, however, for this reporting period, no deviation from the original Expenditure Plan is proposed.

The Portfolio Expenditures listed in the Description section represent all project costs which have been deemed eligible for Measure AA reimbursement from inception through June 30, 2018. These numbers tie to the numbers in Section 3, Annual Financial Audit Report, page 77, Measure AA Bond Program Schedule of Program Expenditures.

Portfolios that have no incurred expenditures are included in this report to keep the continuity of the report from year to year.

Additional contextual information is included in the Notable Accomplishments, Project Challenges, and Potential Next Steps, as well as the Tables and Charts associated with each Portfolio. Though the Bond Oversight Committee review is focused on actual expenditures, additional narrative information has been included to help provide a sense of the projects, the nexus with non-MAA work or partner work, and general status. The tables and charts restate information gleaned from the District's accounting system and provide another graphical way to view the expenditures. Finally, where available, we have included actual photographs of the preserves in which the Portfolio projects occur as a visual reference.

## Portfolio Progress Indicators

The following indicators are added this year to show the progress to date on each element of the Portfolio Description:

- Not started, or little progress to report
- Started and approximately 25% complete
- Approximately 50% complete
- Approximately 75% complete
- Complete

# Portfolio 1

## Miramontes Ridge Gateway to the Coast Public Access, Stream Restoration, and Agriculture Enhancement



Miramontes Ridge Open Space Preserve by Midpen Staff

### DESCRIPTION

- Preserve scenic open space land as available, and establish wildlife corridor
- Restore fish and red-legged frog habitats in Madonna Creek watershed
- Partner to enhance water availability for agriculture and fish
- Develop trail loop system, including Ridge Trail and neighborhood access points
- Develop staging area, repair bridges

**Portfolio Allocation: \$27,774,000**

**Portfolio Expenditures through 6/30/2018: \$52,915**

### NOTABLE ACCOMPLISHMENTS

#### In support of MAA01

##### Current Fiscal Year 2017-18

Pursued negotiations and due diligence investigation regarding proposed purchase of 650 acres of POST's Johnston Ranch Uplands to public ownership.

Participated in the development of a lot line adjustment application for 7 parcels, submitted to County of San Mateo in June 2018.

##### Prior Years

Evaluated road/trail access and connections.

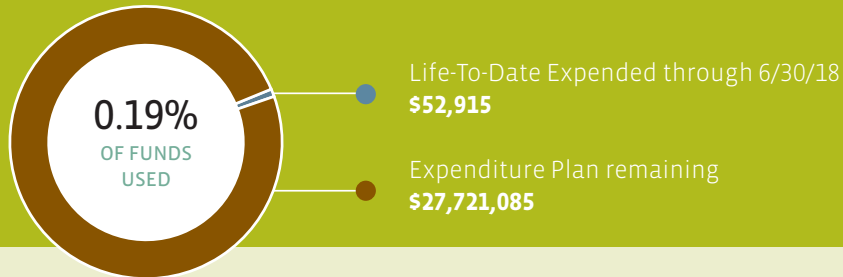
Assessed regional trail link to Wavecrest & Coastal trail with POST (Peninsula Open Space Trust).

Met with City of Half Moon Bay to discuss shared public parking, City's Highway 1 crossing at south end of Main St., and trail/bike path along Higgins Road.

Completed California Red Legged Frog surveys and habitat characterization, working with Wildlife Section, at Madonna Creek Ranch.

**Portfolio 1: Miramontes Ridge—Gateway to the Coast Public Access, Stream Restoration, and Agriculture Enhancement**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$27,774,000					
01-003—Zions Property Purchase		\$52,915		\$52,915		
<b>Total</b>	<b>\$27,774,000</b>	<b>\$52,915</b>		<b>\$52,915</b>	<b>\$27,721,085</b>	<b>0.19%</b>



**PROJECT CHALLENGES**

Acquisitions for Gateway to the Coast require a willing seller.

Easy access to Johnston Ranch Uplands south of Higgins Canyon Road will require acquisition of permissive rights through City of Half Moon Bay property.

**POTENTIAL NEXT STEPS**

Continue pursuing a potential new property purchase.

Continue discussions with City of Half Moon Bay and POST.



# Portfolio 2

## Regional Bayfront Habitat Protection and Public Access Partnerships



Cooley Landing by Midpen Staff

### DESCRIPTION

- Partner to complete gaps in Bay Trail and develop city-to-bay trails
- Support wetland restoration and associated interpretive facilities
- Preserve additional Bayfront open space

**Portfolio Allocation: \$5,052,000**

**Portfolio Expenditures through 6/30/2018: \$490,041**

### NOTABLE ACCOMPLISHMENTS

#### MAA02-001 Cooley Landing Interpretive Facilities

Current Fiscal Year 2017-18

Provided technical assistance to City of East Palo Alto staff in final design and bidding for Phases IV and V of the Cooley Landing Vision Plan.

Obtained Board approval for \$1.25M in Measure AA funding for remaining project elements. Amended Partnership Agreement to include Measure AA funding and coordinated reimbursement of eligible City expenses.

Completed year 2 of 3 in plant restoration work with Grassroots Ecology.

#### MAA02-002 Ravenswood Bay Trail Design and Implementation

Current Fiscal Year 2017-18

Concluded negotiations with the City and County of San Francisco, which resulted in the City's Board of Supervisors approving a 0.6 mile Ravenswood Bay Trail Easement over SFPUC lands. This agreement will close a gap within a segment of the SF Bay Trail that connects 80 miles of continuous trail within the 500 mile route along the shoreline of the nine Bay Area counties.

Drafted, negotiated and revised a draft Memorandum of Agreement with City of East Palo Alto addressing: a) patrol and emergency response, b) site security and c) future community trail access.

Completed geotechnical investigation and developed 65% plan set for construction of the 0.6 mile Ravenswood Bay Trail connection. Submitted Joint Aquatic Resource Permit Application.

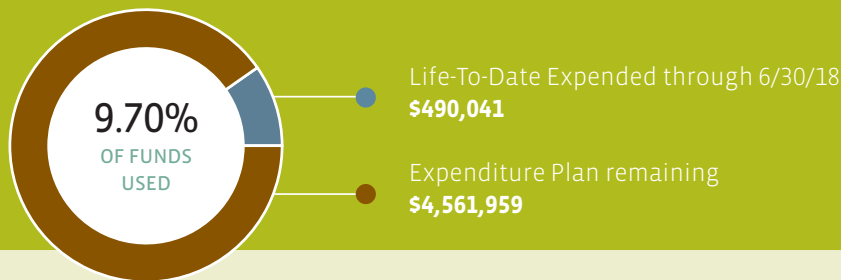
Continued support of priority MAA projects through permitting and CEQA mitigation compliance due to resource concerns. Provided construction monitoring, pre-construction surveys, and consultant assistance for staff working on these projects.

#### Prior Years

Negotiated proposed Exchange Agreement and Public Trail Easement with the City and County of San Francisco and the City of East Palo Alto.

## Portfolio 2: Regional—Bayfront Habitat Protection and Public Access Partnerships

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$5,052,000					
02-001—Cooley Landing Interpretive Facilities Design and Implementation			\$200,685	\$200,685		
02-002—Ravenswood Bay Trail Design and Implementation		\$309,771	\$209,206	\$518,978		
02-002—Ravenswood Bay Trail Design and Implementation Grant Income		(\$104,338)	(\$125,283)	(\$229,622)		
<b>Total</b>	<b>\$5,052,000</b>	<b>\$205,433</b>	<b>\$284,608</b>	<b>\$490,041</b>	<b>\$4,561,959</b>	<b>9.70%</b>



### PROJECT CHALLENGES

#### MAA02-001 Cooley Landing Interpretive Facilities

- Interagency coordination between District and City of East Palo Alto.
- Availability of resources for the project.
- Change in City project manager as construction phase begins.
- Current City project team lacks familiarity with project history, more District involvement will be necessary.

#### MAA02-002 Ravenswood Bay Trail Design and Implementation

- Requires extensive, multiple agency coordination and permits, including coordination between cities, Association of Bay Area Governments (ABAG), San Francisco Public Utilities Commission (SFPUC) and other governmental and regulatory entities.
- Limited construction season due to sensitive species (Sept.- Jan.) may extend or delay construction.

### POTENTIAL NEXT STEPS

#### MAA02-001 Cooley Landing Interpretive Facilities

- Complete design drawings, permitting, and construction of final phases of work.
- Complete land use covenant for operations and maintenance of soil cap related to 2014 site remediation work.

#### MAA02-002 Ravenswood Bay Trail Design and Implementation

- Secure additional trail easements or licenses to implement project (SFPUC: construction staging; Samtrans: fencing; Caltrans: rights over adjacent Caltrans Lands).
- Complete 90% and 100% construction plans for the new trail.
- Complete regulatory permitting and construction of new trail.

# Portfolio 3

## Purisima Creek Redwoods Purisima-to-the-Sea Trail, Watershed Protection and Conservation Grazing



Purisima Creek Redwoods Open Space Preserve by Randy Weber

### DESCRIPTION

- Complete and open multi-use Purisima-to-the-Sea Trail connection between Ridge Trail and Coastal Trail, and new parking areas
- Preserve additional open space as available
- Remove fish barriers and restore Lobitos Creek
- Restore ponds for endangered species

**Portfolio Allocation: \$7,608,000**

**Portfolio Expenditures through 6/30/2018: \$1,110,370**

### NOTABLE ACCOMPLISHMENTS

#### MAA03-001 Lot Line Adjustment/Property Transfer Purisima Uplands

Current Fiscal Year 2017-18

Revised Purisima Upland lot line adjustment application with the County of San Mateo to arrive at agreement for land transfer to the District to help complete the Purisima-to-the-Sea Trail. Revised Transfer Agreement to reflect revised lot line adjustment scheme.

Purchased a 45-acre riparian conservation and public access easement over private property along Lobitos Creek for protection of significant scenic, open space, riparian, and natural wildlife habitat values. The easement also contains provisions for a possible future public trail through the area. The total purchase price was \$150,000.

Received gift of two separate parcels totaling 0.34 acres within the Redwood Estates paper subdivision as an addition to the Purisima Creek Redwoods Open Space Preserve for the purposes of watershed, open space, and redwood forest preservation.

#### Prior Years

Purchased the 40.2 acre former Riggs Property, helping to protect the Lobitos Creek Watershed, which provides spawning habitat for Coho salmon and Steelhead.

Prepared lot line adjustment for a 241-acre Purisima Uplands property to help complete the Purisima-to-the-Sea Trail.

Received two redwood parcel gifts totaling 0.5 acres to Purisima Creek Redwoods Preserve.

## MAA03-002 Purisima Uplands Site Cleanup and Soil Remediation Assessment

### Current Fiscal Year 2017-18

Completed Phase II Oil Tank & Facilities Assessment including site cleanup and restoration cost estimates to address site safety issues as part of property land transfer.

Completed Road Erosion Assessment for farm roads on Purisima Upland property and private farm roads providing access to the Upland property to inform condition of property assets (roads) and need for future repairs.

### Prior Years

Completed Purisima Uplands lead and asbestos abatement for cabin demolition.

Completed corral demolition, water system installation, and fence installation at the Bluebrush grazing and residential properties at Purisima Creek Redwoods Preserve.

## MAA03-004 Harkins Bridge Replacement

### Current Fiscal Year 2017-18

Completed the Harkins bridge installation project. Project secures long-term vehicle and pedestrian access.

## MAA03-005 Purisima Uplands Parking Area and Trail Connections

### Current Fiscal Year 2017-18

Started design and construction documents of double vault restroom to replace existing single vault. Obtained San Mateo County building permit. Construction will occur in fall 2018. Project will improve public facilities at Purisima Preserve.

## In support of MAA03

### Current Fiscal Year 2017-18

Attended Real Property-organized site tour with POST and property owner to discuss parking and access opportunities related to the Purisima-to-the-Sea Trail.

### Prior Years

Submitted Lot Line Adjustment application for Giusti (Purisima Uplands) property to San Mateo County Planning Department.

In support of Measure AA improvements, collaborated with the United States Geological Survey (USGS) to install fog collection experimental stations at Purisima Creek Redwoods Preserve to conduct research on the viability of fog water harvesting to support agricultural uses and/or improve water availability for wildlife.

In support of Measure AA improvements in Purisima Creek Redwoods Preserve, completed mowing projects at October Farm to control brush encroachment and at Bluebrush Canyon to control invasive species and reduce wildfire fuels.

## **PROJECT CHALLENGES**

### **Purisima-to-the-Sea**

Completing Transfer Agreement with owner, resolving conservation easement inconsistencies with POST, and San Mateo County process for completing a lot-line adjustment.

### **Parking Area and Trail Connection (FY2017-18)**

Ongoing discussions and negotiations with property owners.

Uncertainty as to where to locate a parking area.

## **POTENTIAL NEXT STEPS**

Complete transfer agreement.

Complete lot-line adjustment for Purisima Creek Uplands.

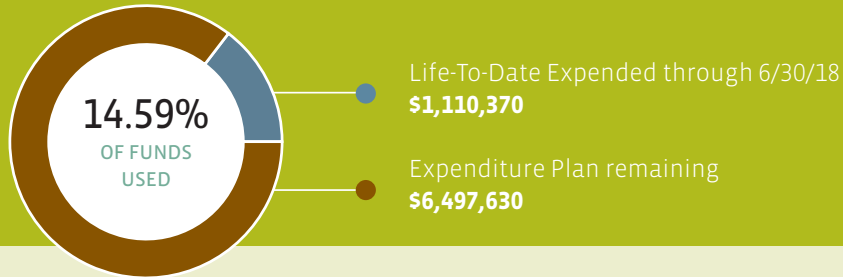
Record conservation easement amendment with POST over the Purisima Creek Uplands.



Purisima Creek Redwoods Open Space Preserve by Anda Corlan

**Portfolio 3: Purisima Creek Redwoods—Purisima-to-the-Sea Trail, Watershed Protection and Conservation Grazing**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$7,608,000					
03-001—Lot Line Adjustment and Property Transfer: Purisima Uplands		\$402,192	\$7,519	\$409,712		
03-002—Purisima Uplands Site Clean up and Soil Remediation Assessment		\$5,255	\$63,900	\$69,155		
03-004—Harkins Bridge Replacement		\$178,657	\$296,717	\$475,373		
03-005RP—Purisima Uplands Parking Area and Trail Connections			\$156,130	\$156,130		
<b>Total</b>	<b>\$7,608,000</b>	<b>\$586,104</b>	<b>\$524,266</b>	<b>\$1,110,370</b>	<b>\$6,497,630</b>	<b>14.59%</b>



# Portfolio 4

## El Corte de Madera Creek Bike trail and Water Quality Projects



El Corte de Madera Open Space Preserve by Karl Gohl

### DESCRIPTION

- Develop single-use biking/hiking trails, complete Ridge Trail gaps, and develop trail system leading to parking area
- Restore damaged trails to improve water quality
- Preserve additional open space as available

**Portfolio Allocation: \$8,376,000**

**Portfolio Expenditures through 6/30/2018: \$579,958**

### NOTABLE ACCOMPLISHMENTS

#### MAA04-002 El Corte de Madera Creek—Watershed Protection Final Phase

Prior Years

Completed Watershed Protection Program final phase.

#### MAA04-004 El Corte de Madera Oljon Trail Implementation

Current Fiscal Year 2017-18

Completed a majority of the bridge construction, puncheon installation, road to trail conversion, and continued Phase I trail construction of the Oljon Trail to open additional public recreational opportunities within El Corte de Madera Creek OSP, and removed and restored existing deteriorating roads and trails to eliminate potential sources of sedimentation within the watershed.

Prior Years

Received permits and began construction on the first phase of the Oljon Trail.

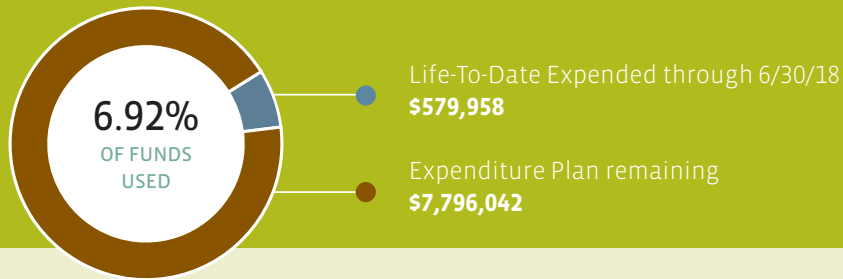
#### In support of MAA04

Current Fiscal Year 2017-18

Pursued completion of Ridge Trail gaps between El Corte de Madera and La Honda OSPs by working with partners and meeting with land owners to convey District's interest in possible land or trail easement purchases.

## Portfolio 4: El Corte de Madera Creek—Bike trail and Water Quality Projects

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$8,376,000					
04-002—ECdM Watershed Protection Final Phase		\$235,934		\$235,934		
04-003—ECdM Watershed Protection Re-assessment		\$83,956		\$83,956		
04-004—El Corte de Madera Oljon Trail Implementation		\$48,298	\$211,770	\$260,068		
<b>Total</b>	<b>\$8,376,000</b>	<b>\$368,188</b>	<b>\$211,770</b>	<b>\$579,958</b>	<b>\$7,796,042</b>	<b>6.92%</b>



### PROJECT CHALLENGES

Land acquisition to complete gaps in the Bay Area Ridge Trail requires willing seller.

Securing the necessary California Department of Fish and Wildlife (CDFW) permit for the next phase of trail work may result in construction delays.

### POTENTIAL NEXT STEPS

Submit the CDFW permit application and secure the permit to construct Phase II of the Oljon Trail.

Initiate construction of the Phase II Oljon Trail segment.



# Portfolio 5

## La Honda Creek Upper Area Recreation, Habitat Restoration, and Conservation Grazing Projects



La Honda Creek Open Space Preserve by Frances Freyberg

### DESCRIPTION

- Open upper half of the preserve to public; provide biking/hiking/equestrian trails, dog access, and staging areas
- Provide loop and connector trails
- Restore habitat for rare species
- Improve fencing, corrals, and water systems to reintroduce conservation grazing

**Portfolio Allocation: \$11,733,000**

**Portfolio Expenditures through 6/30/2018: \$2,411,686**

### NOTABLE ACCOMPLISHMENTS

#### MAA05-001 La Honda Creek Land Conservation Opps, Toepfer/Ashworth

##### Prior Years

Purchased the 38.14-acre former Toepfer Property to facilitate a future Ridge Trail opportunity between La Honda Creek OSP (LHC) and El Corte de Madera Creek OSP (ECdM).

Purchased the 5-acre former Ashworth Property to facilitate a future Ridge Trail extension opportunity between LHC and ECdM.

#### MAA05-004 Upper La Honda Creek Grazing Infrastructure

##### Prior Years

Installed riparian protection fencing to resume conservation grazing, water pipe and new water troughs at McDonald Ranch.

#### MAA05-005 La Honda Creek Red Barn Parking Area and Easy Access Trail

##### Current Fiscal Year 2017-18

Completed a third design alternative based on public input received in May 2017. Presented design alternative and additional technical information at three public meetings. On June 12, 2018, Board of Directors directed staff to propose a process to form an advisory committee and assess alternative locations for parking that meet project goals and objectives.

## Prior Years

Began feasibility studies for the Red Barn Site Plan, including conducting traffic counts, site evaluations of a new driveway for a new parking lot, and the evaluation of historic features to ensure new improvements do not impact the historic landscape of the site.

Completed nine preliminary technical site investigation studies, and conducted an iterative design development process resulting in two conceptual design alternatives.

Conducted focused stakeholder outreach to support concept design development. Held Planning and Natural Resources Committee meeting and Community Open House to solicit public input on the Red Barn Public Access Area Concept Design Alternatives.

Conducted preliminary trail scouting from the parking location.

## MAA05-008 La Honda Creek White Barn Historic and Structural Assessment

### Current Fiscal Year 2017-18

Completed historic and structural assessments for the LHC White Barn.



La Honda Creek Open Space Preserve by Randolph L. Weber

## In support of MAA05

Current Fiscal Year 2017-18

---

Pursued trail connections to La Honda Creek OSP's former McDonald/Dyer Ranch area by meeting several times with land owner to convey District's interest in possible land or trail easement purchases as part of District's efforts to design and implement Phase II trails of the La Honda Creek OSP Master Plan.

---

## PROJECT CHALLENGES

---

Acquisition of trail easements requires willing seller to complete connections.

---

## MAA05-005 La Honda Creek Red Barn Parking Area and Easy Access Trail

---

Reevaluation of alternative parking sites to address community concerns regarding traffic safety and visual/historic impacts.

---

## POTENTIAL NEXT STEPS

---

Work with a stakeholder working group to evaluate parking alternatives and recommend preferred alternative for the Red Barn Site Plan for environmental review to fulfill the California Environmental Quality Act (CEQA), conduct CEQA review, and forward to the Board for approval.

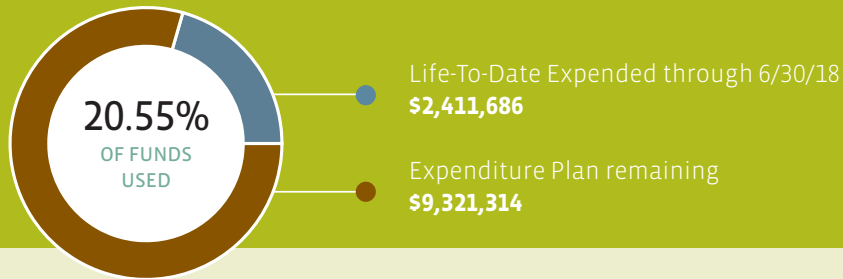
---

Develop Phase II trail designs for planned trail connection between Red Barn site and Sears Ranch Road parking area (lower La Honda).

---

**Portfolio 5: La Honda Creek—Upper Area Recreation, Habitat Restoration, and Conservation Grazing Projects**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$11,733,000					
05-001—Land Conservation		\$1,756,093		\$1,756,093		
05-002—Grazing/Water Systems Infrastructure		\$209,765		\$209,765		
05-004—Sears Ranch Interim Parking		\$5,074		\$5,074		
05-005—La Honda Creek Red Barn Parking Area and Easy Access Trail		\$216,937	\$110,559	\$327,496		
05-006—Sears Ranch Road Repair		\$98,560		\$98,560		
05-008PL—La Honda Creek White Barn Structural Rehabilitation			\$14,699	\$14,699		
<b>Total</b>	<b>\$11,733,000</b>	<b>\$2,286,428</b>	<b>\$125,258</b>	<b>\$2,411,686</b>	<b>\$9,321,314</b>	<b>20.55%</b>



# Portfolio 6

## Windy Hill Trail Improvements, Preservation, and Hawthorns Area Historic Partnership



Windy Hill Open Space Preserve by Vaibhav Tripathi

### DESCRIPTION

- Improve trails, complete pond facilities
- Increase multi-use trails, study possible improvements to increase dog use
- Open Hawthorns Area; develop trails connecting to Portola Valley and Palo Alto trails
- Partner to protect, restore, and interpret historic buildings
- Improve habitat conditions in Los Trancos Creek
- Preserve additional scenic open space as available

**Portfolio Allocation: \$12,740,000**

**Portfolio Expenditures through 6/30/2018: \$8,490**

### NOTABLE ACCOMPLISHMENTS

#### MAA06-001 Hawthorns Parking Lot Concept Design

Current Fiscal Year 2017-18

Initial evaluation of potential public access programming and feasibility for new parking area and trail.

### PROJECT CHALLENGES

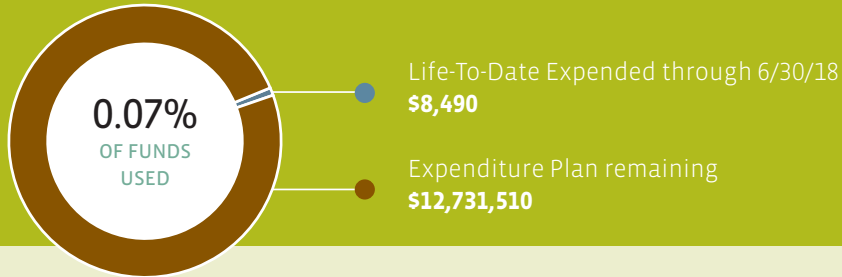
Historic complex of structures, including the main residence and garage, require stabilization efforts to address public safety for future trail access.

### POTENTIAL NEXT STEPS

To facilitate future public access improvements in support of Measure AA, develop a site-specific plan for new public access trails and parking area including a realignment and widening of the Alpine Road Trail at the Hawthorns property, in coordination with the Town of Portola Valley and stakeholders.

**Portfolio 6: Windy Hill—Trail Improvements, Preservation, and Hawthorns Area Historic Partnership**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$12,740,000					
06-001—Hawthorns Parking Lot Concept Design			\$8,490	\$8,490		
<b>Total</b>	<b>\$12,740,000</b>		<b>\$8,490</b>	<b>\$8,490</b>	<b>\$12,731,510</b>	<b>0.07%</b>



Windy Hill Open Space Preserve by Karl Gohl

# Portfolio 7

## La Honda Creek Driscoll Ranch Public Access, Endangered Wildlife Protection, and Conservation Grazing



La Honda Creek Open Space Preserve by Frances Freyberg

### DESCRIPTION

- Open Driscoll Ranch Area; provide biking/hiking/equestrian trails, limited dog access, parking areas, and interpretive displays
- Develop loop and connector trails
- Restore habitat for endangered species
- Restore La Honda Creek; remove fish migration barriers

**Portfolio Allocation: \$14,825,000**

**Portfolio Expenditures through 6/30/2018: \$11,808,516**

### NOTABLE ACCOMPLISHMENTS

#### MAA07-001 Event Center & Apple Orchard Purchase

##### Prior Years

Purchased the 307.64-acre former POST Apple Orchard and Event Center as well as a 3-acre parcel from POST in the San Gregorio Creek properties for the purpose of protecting and further restoring redwood habitat along San Gregorio Creek and habitat for Coho Salmon and Steelhead.

Completed invasive control work at the Apple Orchard and Driscoll Ranch properties of La Honda Creek Preserve.

Completed site clean-up and demolition of numerous dilapidated structures, including photography documentation of the structures prior to demolition, to prepare the preserve for public access.

#### MAA07-003 Fisheries Enhancement, Apple Orchard

##### Prior Years

Completed fisheries habitat enhancement project at the former Apple Orchard parcel of lower La Honda Creek, consisting of installation of 13 in-stream large woody debris structures. Project was a partnership with the San Mateo Resource Conservation District and the California Department of Fish and Wildlife through the California State Fisheries Restoration Grant Program.

#### MAA07-004 La Honda Creek Endangered Wildlife Protection: Fisheries Enhancement, Event Center

##### Current Fiscal Year 2017-18

Completed Fisheries Restoration project at the Event Center, installing large woody habitat within San Gregorio Creek to improve salmonid habitat.

## MAA07-005 Grazing & Water Systems Infrastructure

### Prior Years

Completed pond reconstruction to enhance breeding habitat for the California Red-Legged Frog and improve the water source as a cattle stock pond.

Completed construction of a new corral system at the previous site of the Wool Ranch house to support the conservation grazing program.

Installed riparian protection fencing to resume conservation grazing, water pipe and new water troughs at Driscoll Ranch.

## MAA07-006 Cunha Property Purchase

### Prior Years

Purchased the 30-acre former Cunha Trust Property at the end of Sears Ranch Road to secure District ownership of the private road that now serves as the driveway entrance into the Sears Ranch Parking Lot.

## MAA07-009 La Honda Creek Sears Ranch Road Parking Area & Trail Connections

### Current Fiscal Year 2017-18

Completed Phase I trail and road repairs in preparation for the opening of La Honda Creek OSP, including installation of signage and self-closing gates.

Completed construction of a 22-car parking lot with trailhead amenities and a restroom at the end of Sears Ranch Road, providing public access to the Lower La Honda Preserve area.

Completed permit-only equestrian parking area and equestrian-only trail segment connecting to the new Folger Ranch Loop trail.

### Prior Years

Received Board approval to begin construction of the new Sears Ranch Parking Area, which will provide 22 vehicle spaces, a restroom, signage, and the main trailhead to access the trails in the southern area of the Preserve.

Completed design and permitting of the Sears Ranch Parking Lot and the related traffic analysis for the new parking lot.

Finalized plans to replace the decking and install new rails on the Harrington Creek Bridge, which will allow trail users to cross a major creek.

## MAA07-010 Sears Ranch Road Repair

### Prior Years

Completed over three miles of ranch road repairs, including culvert replacements, to the main ranch road in the lower La Honda Creek Open Space Preserve. These were critical for opening the roads to public access; maintaining safe passage for patrol, maintenance, and emergency vehicle use; and providing ranch access to support the ongoing conservation grazing program.

## MAA07-011 La Honda Creek Loop Trails

### Current Fiscal Year 2017-18

Released Request for Proposals and contracted Fall Creek Engineering to design and engineer the LHC Loop Trail; completed design of the preliminary trail alignment.



## In support of MAA07

### Current Fiscal Year 2017-18

---

Hosted Groundbreaking ceremony at La Honda Creek Open Space Preserve on August 1, 2017, kicking off construction at the Sears Ranch Road parking area and Grand Opening Celebration for La Honda Creek Open Space Preserve on November 30, 2018. Approximately 150 guests, including elected officials, partners, neighbors, and other interested parties attended the opening event and six media outlets ran stories on the preserve opening including the “OpenRoad with Doug McConnell” NBCBayArea television which aired on March 25, 2018 and April 29, 2018.

---

### Prior Years

---

Completed a District Housing Structures Assessment for the Driscoll Ranch Area of La Honda Creek Preserve and secured Board approval to build Agricultural Workforce Housing in partnership with San Mateo County.

---

## PROJECT CHALLENGES

---

No project challenges identified at this time.

---

## POTENTIAL NEXT STEPS

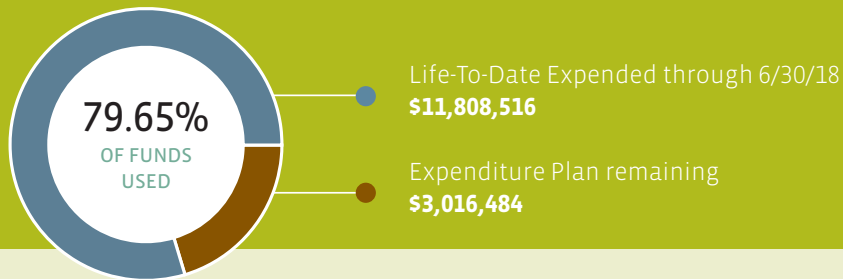
---

Develop plans for and construct Phase II roads and trails that will connect the new Sears Ranch Road parking area (lower La Honda) with the Red Barn area (upper La Honda).

---

## Portfolio 7: La Honda Creek—Driscoll Ranch Public Access, Endangered Wildlife Protection, and Conservation Grazing

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$14,825,000					
07-001—Apple Orchard/Event Center Purchase		\$6,007,601		\$6,007,601		
07-002 — Fisheries Restoration Design/Permitting		\$727,716		\$727,716		
07-002—Fisheries Restoration Design/Permitting Grant Income		(\$230,970)		(\$230,970)		
07-003—Fisheries Enhancement: Apple Orchard		\$16,152		\$16,152		
07-004—Fisheries Enhancement: Event Center		\$20,000	\$30,000	\$50,000		
07-005—Grazing & Water Systems Infrastructure		\$189,422		\$189,422		
07-006—Cunha Land Purchase		\$3,080,705		\$3,080,705		
07-007—Demolitions: Wool Ranch House/Sears Ranch Rd		\$301,774	\$56,029	\$357,803		
07-009—Sears Ranch Parking Areas		\$177,011	\$947,534	\$1,124,545		
07-010—Sears Ranch Road Repair		\$458,484		\$458,484		
07-011—La Honda Creek Loop Trails			\$27,058	\$27,058		
<b>Total</b>	<b>\$14,825,000</b>	<b>\$10,747,895</b>	<b>\$1,060,622</b>	<b>\$11,808,516</b>	<b>\$3,016,484</b>	<b>79.65%</b>



# Portfolio 8

## La Honda Creek/ Russian Ridge Preservation of Upper San Gregorio Watershed and Ridge Trail Completion



La Honda Creek Open Space Preserve by Frances Freyberg

### DESCRIPTION

- Preserve Upper San Gregorio watershed; restore endangered species habitats
- Support opportunities to provide additional water for fisheries
- Complete Bay Area Ridge Trail multi-use connections and gaps
- Provide additional public use facilities

**Portfolio Allocation: \$15,347,000**

**Portfolio Expenditures through 6/30/2018: \$0**

MAA Funds have not been expended on this Portfolio through the reporting period, therefore there are no funds in this Portfolio for the Bond Oversight Committee to validate at this time.

This does not necessarily mean that work is not underway in this Portfolio. If there is work in process, other funding sources are being utilized and either the scope is not what was contemplated as part of this MAA Portfolio, or the scope is not currently eligible for MAA funding.

**Portfolio 8: La Honda Creek/Russian Ridge—Preservation of Upper San Gregorio Watershed and Ridge Trail Completion**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$15,347,000					
<b>Total</b>	<b>\$15,347,000</b>			<b>\$0</b>	<b>\$15,347,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
**\$0**

Expenditure Plan remaining  
**\$15,347,000**



La Honda Creek Open Space Preserve by Frances Freyberg

# Portfolio 9

## Russian Ridge Public Recreation, Grazing, and Wildlife Protection Projects



Russian Ridge Open Space Preserve by Eric Gutierrez

### DESCRIPTION

- Open currently closed areas of preserve
- Construct and extend trails
- Improve fencing, corrals, and water systems to reintroduce conservation grazing
- Improve habitat for sensitive species, implement pond enhancement projects for garter snakes and red-legged frogs

**Portfolio Allocation: \$5,560,000**

**Portfolio Expenditures through 6/30/2018: \$241,954**

### NOTABLE ACCOMPLISHMENTS

#### MAA09-001 Russian Ridge Grazing Infrastructure

Current Fiscal Year 2017-18

Completed brush management of South Pasture at Mindego Ranch.

#### Prior Years

Upgraded corral and water system at Mindego ranch, including two 5,000 gallon water storage tanks, 11,000 feet of buried pipe, six water troughs, and solar-powered water pump for storage tanks. Selected grazing tenant to manage grazing operation.

#### MAA09-003 Mindego (Russian Ridge) Pond Improvements

Current Fiscal Year 2017-18

Led the first Design-Build project to be implemented by the District. The project will enhance and restore habitat for the California Red Legged Frog (CRLF) and San Francisco Garter Snake (SFGS) at two ponds at Mindego Ranch.

#### MAA09-004 Mindego Hill Trail Construction

#### Prior Years

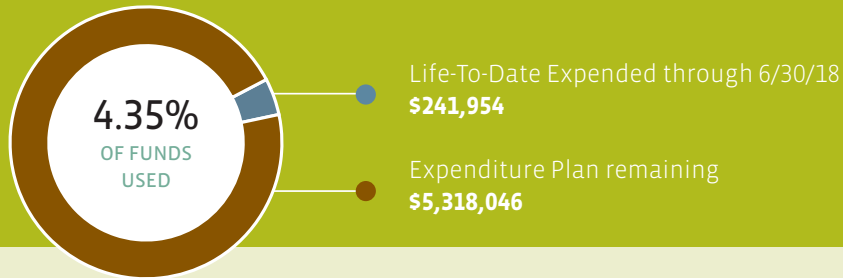
Constructed and opened an extension of Mindego Hill Trail to the top of the prominent Mindego Hill, including two bridges and two puncheons which are a part of the Ancient Oaks Trail.

Opened the new Mindego Gateway Parking Area.

Completed remediation of Mindego Ranch area.

## Portfolio 9: Russian Ridge—Public Recreation, Grazing, and Wildlife Protection Projects

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$5,560,000					
09-001—Mindego Grazing Infrastructure		\$174,416		\$174,416		
09-003—Russian Ridge Mindego Pond Improvement			\$136	\$136		
09-004—Mindego Hill Trail		\$67,403		\$67,403		
<b>Total</b>	<b>\$5,560,000</b>	<b>\$241,819</b>	<b>\$136</b>	<b>\$241,954</b>	<b>\$5,318,046</b>	<b>4.35%</b>



### In support of MAA09 Prior Years

Completed year four of the San Francisco Garter Snake field study and ongoing bullfrog eradication work at Mindego Ranch in Russian Ridge Preserve.

### PROJECT CHALLENGES

No project challenges identified at this time.

### POTENTIAL NEXT STEPS

Complete Mindego pond improvement projects for California red-legged frog and San Francisco garter snake.

# Portfolio 10

## Coal Creek Reopen Alpine Road for Trail Use



Coal Creek Open Space Preserve by Jeff GJ

### DESCRIPTION

- Reopen Alpine Road as trail connection between Portola Valley and Skyline Boulevard
- Reroute trails to reduce erosion and improve visitor experience

**Portfolio Allocation: \$8,017,000**

**Portfolio Expenditures through 6/30/2018: \$21,949**

### NOTABLE ACCOMPLISHMENTS

#### MAA10-001 Coal Creek: Alpine Road Regional Trail

Current Fiscal Year 2017-18

Updated the Road & Trail inventory for Coal Creek OSP, and completed preliminary conceptual design alternatives for two large failures on Alpine Road. Presented options for repairs and improvements to the Board, and the Board selected the approach of repairing failures to trail width (6 foot wide standard). Coordinated the project with County of San Mateo Public Works.

### PROJECT CHALLENGES

San Mateo County has determined that they are unable to lead the repair due to other higher priority repair issues stemming from the 2016-17 winter storms; the District is now the lead.

Alpine Road is owned in fee and easement by San Mateo County; repairs will require careful coordination and approval from San Mateo County.

### POTENTIAL NEXT STEPS

Receive and review the Road Design, and 3rd Party Cost Estimations with San Mateo County for concurrence.

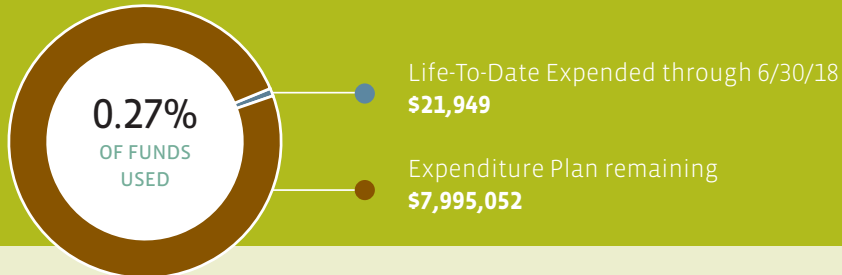
Finalize construction plans.

Secure permits and complete CEQA review.

Enter into negotiations with San Mateo County regarding funding contribution and long-term maintenance.

## Portfolio 10: Coal Creek—Reopen Alpine Road for Trail Use

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$8,017,000					
10-001—Alpine Road Regional Trail, Coal Creek		\$4,286	\$17,663	\$21,949		
<b>Total</b>	<b>\$8,017,000</b>	<b>\$4,286</b>	<b>\$17,663</b>	<b>\$21,949</b>	<b>\$7,995,052</b>	<b>0.27%</b>



Coal Creek Open Space Preserve by Dean Birinyi



# Portfolio 11

## Rancho San Antonio Interpretive Improvements, Refurbishing, and Transit Solutions



Rancho San Antonio Open Space Preserve by Karl Gohl

### DESCRIPTION

- Add welcome center
- Refurbish and add interpretive exhibits to Deer Hollow Farm
- Support of transit improvement options such as bike trails, bike share station, bus service, or additional parking

**Portfolio Allocation: \$10,811,000**

**Portfolio Expenditures through 6/30/2018: \$30,239**

### NOTABLE ACCOMPLISHMENTS

#### MAA11-002 Rancho San Antonio, Deer Hollow Farm: White Barn Rehabilitation

Current Fiscal Year 2017-18

With MAA and other funding, completed historic and structural assessments for the Deer Hollow Farm White Barn; obtained LFPAC confirmation of partnership agreements to fund project.

#### In support of MAA11

##### Prior Years

Restored the Deer Hollow Farm white barn milk room at Rancho San Antonio Preserve, which facilitates ongoing environmental interpretation and animal husbandry support for the popular farm site.

Completed 69 days of vehicle occupancy counts to understand the parking use patterns for Rancho San Antonio Preserve.

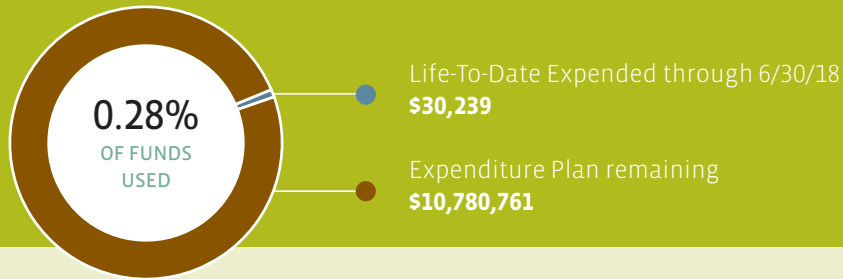
Initiated stakeholder agency engagement in identifying opportunities for parking and transit Improvement options.

Conducted a one-week tabling campaign for mountain lion awareness at Rancho San Antonio Preserve.

Coordinated with the City of Mountain View and Friends of Deer Hollow Farm to prepare for a historic and structural assessment of the White Barn at Rancho San Antonio Preserve to be conducted during FY2017-18.

## Portfolio 11: Rancho San Antonio—Interpretive Improvements, Refurbishing, and Transit Solutions

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$10,811,000					
11-001—New Trails to Connect Quarry Trail to Black Mountain Trail		\$728		\$728		
11-002PL—Rancho San Antonio, Deer Hollow Farm: White Barn Rehabilitation			\$29,511	\$29,511		
<b>Total</b>	<b>\$10,811,000</b>	<b>\$728</b>	<b>\$29,511</b>	<b>\$30,239</b>	<b>\$10,780,761</b>	<b>0.28%</b>



### PROJECT CHALLENGES

Depending on potential parking solutions, coordination, agreement and co-implementation with other agencies may be required.

### POTENTIAL NEXT STEPS

In order to facilitate future MAA-eligible improvements, continue to engage stakeholder agencies and community in evaluating parking and transit Improvement options.

In order to facilitate future MAA-eligible improvements, continue to collaborate with City of Mountain View and stakeholders on the rehabilitation of the Deer Hollow Farm White Barn.

# Portfolio 12

## Peninsula/ South Bay Cities Partner to Complete Middle Stevens Creek Trail



Los Gatos Creek Trail by Dan Debold

### DESCRIPTION

- Support work by cities to develop the middle section of the Stevens Creek Trail and enhance neighborhood connections
- Support work by partners to complete stream corridor restoration and Steelhead habitat enhancement below dam
- Develop and install interpretive signage

**Portfolio Allocation: \$1,038,000**

**Portfolio Expenditures through 6/30/2018: \$0**

### NOTABLE ACCOMPLISHMENTS

In support of MAA12

Current Fiscal Year 2017-18

Supported work by partners to complete stream corridor restoration and Steelhead habitat enhancement below Stevens Creek Dam. Coordinated with partners, reviewed technical reports, held site visit to Deep Cliff site, and produced letter of funding support.

### PROJECT CHALLENGES

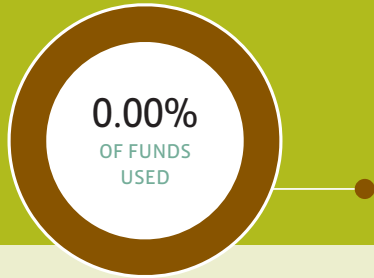
No project challenges identified at this time.

### POTENTIAL NEXT STEPS

No project challenges identified at this time.

**Portfolio 12: Peninsula/South Bay Cities—Partner to Complete Middle Stevens Creek Trail**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$1,038,000					
<b>Total</b>	<b>\$1,038,000</b>			<b>\$0</b>	<b>\$1,038,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
**\$0**

Expenditure Plan remaining  
**\$1,038,000**

# Portfolio 13

## Cloverdale Ranch Wildlife Protection, Grazing, and Trail Connections



Cloverdale Ranch Open Space Preserve by Teddy Miller/POST

### DESCRIPTION

- Improve fencing, corrals, and water systems to increase conservation grazing and sustain large contiguous grasslands
- Restore habitat for endangered species
- Provide trail connections to nearby state parks

**Portfolio Allocation: \$15,712,000**

**Portfolio Expenditures through 6/30/2018: \$0**

### NOTABLE ACCOMPLISHMENTS

In support of MAA13

Current Fiscal Year 2017-18

Conducted ongoing due diligence investigation to evaluate site resources and obligations of a potential future land purchase and subsequent management of POST's 6,500 acre Cloverdale Ranch. Worked with POST to conduct an introductory site tour for Board members and key District management staff to learn more about the property. Cloverdale Ranch was added to the Capital Improvement and Action Plan for FY 2018-19.

### PROJECT CHALLENGES

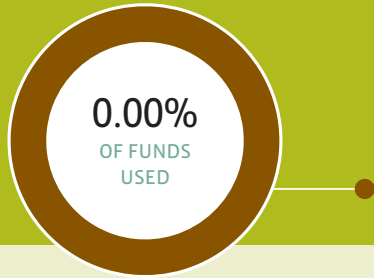
No project challenges identified at this time.

### POTENTIAL NEXT STEPS

No project challenges identified at this time.

**Portfolio 13: Cloverdale Ranch—Wildlife Protection, Grazing, and Trail Connections**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$15,712,000					
<b>Total</b>	<b>\$15,712,000</b>			<b>\$0</b>	<b>\$15,712,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
**\$0**

Expenditure Plan remaining  
**\$15,712,000**

# Portfolio 14

## Regional Trail Connections and Campgrounds



Skyline Ridge Open Space Preserve by Karin Zalec

### DESCRIPTION

- Develop trails between Butano, Pescadero County Park, and Russian Ridge, and between Skyline, Portola Redwoods, and Big Basin State Park
- Partner with county and state parks to improve existing campgrounds

**Portfolio Allocation: \$3,966,000**

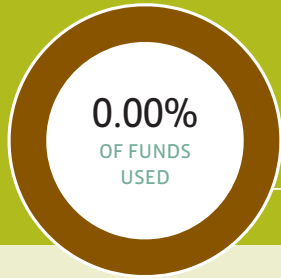
**Portfolio Expenditures through 6/30/2018: \$0**

MAA Funds have not been expended on this Portfolio through the reporting period, therefore there are no funds in this Portfolio for the Bond Oversight Committee to validate at this time.

This does not necessarily mean that work is not underway in this Portfolio. If there is work in process, other funding sources are being utilized and either the scope is not what was contemplated as part of this MAA Portfolio, or the scope is not currently eligible for MAA funding.

## Portfolio 14: Regional—Trail Connections and Campgrounds

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$3,966,000					
<b>Total</b>	<b>\$3,966,000</b>			<b>\$0</b>	<b>\$3,966,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
\$0

Expenditure Plan remaining  
\$3,966,000



Russian Ridge Open Space Preserve by Strether Smith



# Portfolio 15

## Regional Redwood Protection and Salmon Fishery Conservation



Long Ridge Open Space Preserve by Deane Little

### DESCRIPTION

- Preserve additional open space as available
- Protect and enhance redwood stands, mountain scenery, various habitats, and Steelhead salmon

**Portfolio Allocation: \$50,728,000**

**Portfolio Expenditures through 6/30/2018: \$3,018,550**

### NOTABLE ACCOMPLISHMENTS

#### MAA15-001 Conservation Easement Upper Alpine Ranch Area

Prior Years

Acquired a conservation easement covering 353-acre Alpine Ranch property from POST to protect redwood forests, watershed, and habitat values.

#### MAA15-002 Conley Property Purchase

Prior Years

Purchased 191-acre Conley property as an addition to Long Ridge Preserve to protect redwood forest and the upper Pescadero Creek watershed.

#### In support of MAA15 and other MAA Portfolios

Current Fiscal Year 2017-18

Pursued Watershed Protection Opportunities at Sierra Azul OSP and El Sereno OSP once State legislation to create opportunity for purchase of land governed by California's Public Utility Commission became effective by establishing initial contact with site owners, touring the property with site managers and District Board members, and conveying District's goals for a working partnership to negotiate a mutually beneficial transaction.

### PROJECT CHALLENGES

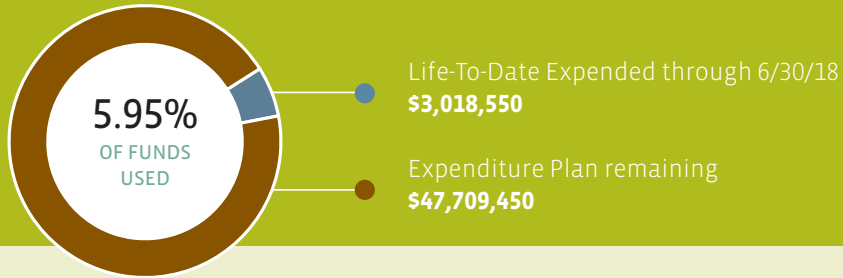
Land acquisition requires willing seller.

### POTENTIAL NEXT STEPS

No project challenges identified at this time.

**Portfolio 15: Regional—Redwood Protection and Salmon Fishery Conservation**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$50,728,000					
15-001—POST/Alpine Ranch Easement		\$2,508,695		\$2,508,695		
15-002—Conley Property Purchase		\$509,855		\$509,855		
<b>Total</b>	<b>\$50,728,000</b>	<b>\$3,018,550</b>		<b>\$3,018,550</b>	<b>\$47,709,450</b>	<b>5.95%</b>



# Portfolio 16

## Long Ridge Trail, Conservation, and Habitat Restoration Projects (Saratoga)



Long Ridge Open Space Preserve by Charles Tu

### DESCRIPTION

- Improve roadside parking and provide restrooms
- Develop new trail connections to Eagle Rock and Devils Canyon
- Repair trails for year-round, multi-use access
- Protect watersheds for Steelhead
- Preserve additional open space as available
- Implement pond and habitat enhancement restoration projects to benefit rare species

**Portfolio Allocation: \$5,140,000**

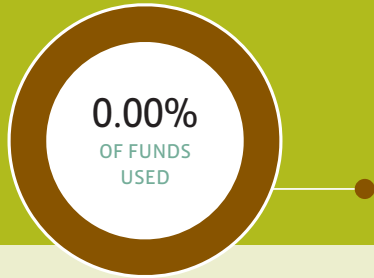
**Portfolio Expenditures through 6/30/2018: \$0**

MAA Funds have not been expended on this Portfolio through the reporting period, therefore there are no funds in this Portfolio for the Bond Oversight Committee to validate at this time.

This does not necessarily mean that work is not underway in this Portfolio. If there is work in process, other funding sources are being utilized and either the scope is not what was contemplated as part of this MAA Portfolio, or the scope is not currently eligible for MAA funding.

**Portfolio 16: Long Ridge—Trail, Conservation, and Habitat Restoration Projects (Saratoga)**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$5,140,000					
<b>Total</b>	<b>\$5,140,000</b>			<b>\$0</b>	<b>\$5,140,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
**\$0**

Expenditure Plan remaining  
**\$5,140,000**



Long Ridge Open Space Preserve by Matthew Findling

# Portfolio 17

## Regional Complete Upper Stevens Creek Trail



Pichetti Ranch Open Space Preserve by Charles Tu

### DESCRIPTION

- Complete multi-use connection between the Bay Trail and Bay Area Ridge Trail above the reservoir through Picchetti Ranch Open Space Preserve and Lower/Upper Stevens Creek County Parks
- ◐ Improve Preserve trails and neighborhood connections
- Preserve additional open space as available

**Portfolio Allocation: \$7,760,000**

**Portfolio Expenditures through 6/30/2018: \$1,040,247**

### NOTABLE ACCOMPLISHMENTS

#### MAA17-001 Land Conservation: Last Piece Upper Stevens Creek

Prior Years

Purchased the 60-acre former Lysons Property, securing land to facilitate the Upper Stevens Creek regional trail. Leveraged partnership funds to match the MAA funds expended for this purchase.

#### MAA17-002 Demolition & Restoration: Lobner/Lysons

Prior Years

Evaluated Lysons Property for demolition and restoration.

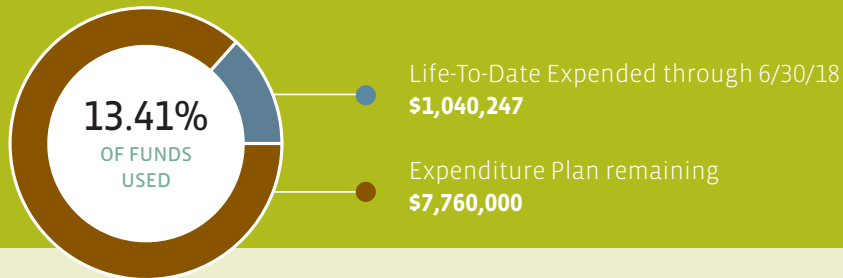
#### MAA17-004 Stevens Creek Nature Trail Bridges

Current Fiscal Year 2017-18

Completed the design and permitting for Stevens Creek Nature Trail Bridges Project. Permitting approval received from the City of Palo Alto and the California Department of Fish & Wildlife to allow for construction to begin in Q1 of FY2018-19.

## Portfolio 17: Regional—Complete Upper Stevens Creek Trail

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$7,760,000					
17-001—Lysons Property Purchase		\$1,494,552		\$1,494,552		
17-001—Lysons Property Purchase Grant Income (50% of purchase price)		(\$740,000)		(\$740,000)		
17-002—Demolition & Restoration: Lobner/Lysons		\$128,760	\$9,299	\$138,059		
17-004—Stevens Creek Nature Trail Bridges, Monte Bello		\$144,269	\$3,366	\$147,635		
<b>Total</b>	<b>\$7,760,000</b>	<b>\$1,027,581</b>	<b>\$12,666</b>	<b>\$1,040,247</b>	<b>\$6,719,753</b>	<b>13.41%</b>



### PROJECT CHALLENGES

Santa Clara County Parks to address use restrictions to allow Upper Stevens Creek Trail to be multi-use.

### POTENTIAL NEXT STEPS

Prepare demolition bid package and permits for Lysons Property demolition and restoration.

If needed, assist Santa Clara County Parks with use restrictions.

# Portfolio 18

## South Bay Foothills Saratoga to Sea Trail and Wildlife Corridor



Saratoga-to-Sea Trail by Midpen Staff

### DESCRIPTION

- Protect wildlife corridor along Highway 9
- Connect trail to Saratoga to Sea Trail and Skyline-to-the-Sea Trail

**Portfolio Allocation: \$1,365,000**

**Portfolio Expenditures through 6/30/2018: \$0**

### NOTABLE ACCOMPLISHMENTS

In support of MAA18

Prior Years

Finalized Partnership Agreement with the City of Saratoga and obtained Board approval for District funding towards final design and environmental review for the Saratoga-to-the-Sea Trail.

### PROJECT CHALLENGES

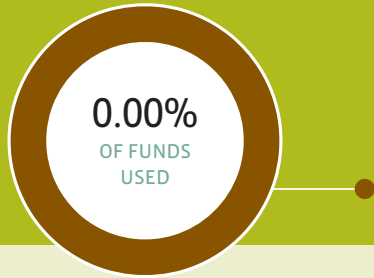
Land acquisition requires a willing seller.

### POTENTIAL NEXT STEPS

Provide additional partnership funding and/or technical staff support to City of Saratoga for completion of the trail design plans, environmental review and permitting of the approximately three-mile Saratoga-to-the-Sea Trail connection from Saratoga Quarry Park and Sanborn County Park.

**Portfolio 18: South Bay Foothills—Saratoga to Sea Trail and Wildlife Corridor**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$1,365,000					
<b>Total</b>	<b>\$1,365,000</b>			<b>\$0</b>	<b>\$1,365,000</b>	<b>0.00%</b>



Life-To-Date Expended through 6/30/18  
**\$0**

Expenditure Plan remaining  
**\$1,365,000**



# Portfolio 19

## El Sereno Dog Trails and Connections



El Sereno Open Space Preserve by Amandy Mills

### DESCRIPTION

- Provide infrastructure to open trails to dogs
- Develop connections to Skyline, Sanborn County Park, and Lexington Reservoir

**Portfolio Allocation: \$2,254,000**

**Portfolio Expenditures through 6/30/2018: \$427,265**

### NOTABLE ACCOMPLISHMENTS

#### MAA19-001 Gupta/Khan Property Purchase

Current Fiscal Year 2017-18

Purchased 9.37-acre fee property and a 1.97-acre floating trail easement from Gupta-Khan (Purchase price of \$400,000, with agreement with SCC Parks that they will contribute \$200,000 in FY2018-19 toward the purchase) to improve opportunities for wildlife corridor and trail connectivity.

#### MAA19-002 Dunham-Bohlman Easement

Current Fiscal Year 2017-18

Purchased of a 0.33-acre public trail and patrol easement from a private land owner (\$15,000 purchase). These purchases fill a gap in the Bay Area Ridge Trail between El Sereno OSP and Sanborn County Park (one property acquisition remains).

#### In support of MAA19

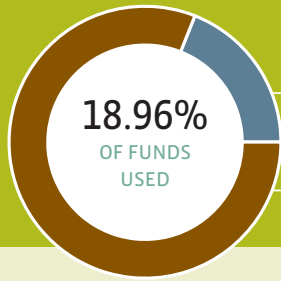
Prior Years

Completed CEQA review and a Use and Management Plan Amendment for Board approval to open existing trails to dogs on-leash and added on-leash dog use to six miles of existing trail.

To facilitate future Measure AA trail projects, initiated site investigations for regional trail connections between Sanborn County Park, El Sereno Open Space Preserve and potential Highway 17 Bay Area Ridge Trail crossing.

## Portfolio 19: El Sereno—Dog Trails and Connections

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$2,254,000					
		\$715		\$715		
19-001RP—Gupta/Khan Property Purchase			\$406,553	\$406,553		
19-002RP—Dunham-Bohlman Easement			\$19,997	\$19,997		
<b>Total</b>	<b>\$2,254,000</b>	<b>\$715</b>	<b>\$426,550</b>	<b>\$427,265</b>	<b>\$1,826,736</b>	<b>18.96%</b>



Life-To-Date Expended through 6/30/18  
**\$427,265**

Expenditure Plan remaining  
**\$1,826,736**

### PROJECT CHALLENGES

Need to secure minimally two additional property rights in order to provide contiguous access through El Sereno OSP to adjacent Sanborn County Park.

### POTENTIAL NEXT STEPS

Continue seeking property rights required for connection from HWY 17 through El Sereno OSP to Sanborn County Park.

Continue analysis of regional trail connections between Sanborn County Park, El Sereno Open Space Preserve and potential Highway 17 Bay Area Ridge Trail crossing.

# Portfolio 20

## South Bay Foothills Wildlife Passage and Ridge Trail Improvements



Chris Wilmers

### DESCRIPTION

- Establish safe corridors for mountain lions across Highway 17
- Establish Bay Area Ridge Trail crossing

Portfolio Allocation: \$13,966,000

Portfolio Expenditures through 6/30/2018: \$196,836

### NOTABLE ACCOMPLISHMENTS

MAA20-001 Wildlife Corridor: Highway 17 Crossing and

MAA20-002 Bay Area Ridge Trail: Highway 17 Crossing

Current Fiscal Year 2017-18

Continued evaluation of the Highway 17 Wildlife Crossing and Regional Trail Crossing project through identification and analysis of additional crossing alternatives in response to partner, stakeholder, and public comment on initial drafts.

Collaborated with partner agencies (SC County Parks, SCVWD, Ridge Trail, etc.) to identify best opportunities for a public access crossing at HWY 17, including trail connections. Crossing will close major gap in region-wide trail system and connect open space areas for regional trails.

#### Prior Years

In coordination with a consultant team, completed a Draft Project Preliminary Alternatives Report for both the Wildlife Corridor, and Regional Trails Crossing at Highway 17 for agency review.

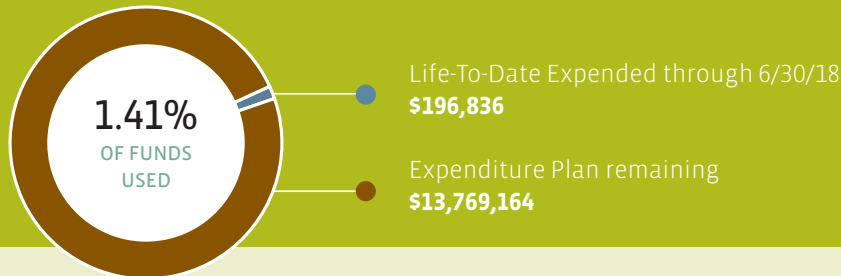
Engaged public and stakeholders input on proposed draft preliminary alternatives and received agency comments on draft report.

Released Agency Draft Recommended Alternatives Report for both the Wildlife Corridor, and Regional Trails Crossing at Highway 17 and received agency comments.

Developed a Cooperative Agreement with Caltrans and a Caltrans Project Initiation Document.

## Portfolio 20: South Bay Foothills—Wildlife Passage and Ridge Trail Improvements

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$13,966,000					
20-001—Wildlife Corridor: Highway 17 Crossing		\$191,657	\$4,862	\$196,519		
20-002—Bay Area Ridge Trail: Highway 17 Crossing		\$317		\$317		
<b>Total</b>	<b>\$13,966,000</b>	<b>\$191,974</b>	<b>\$4,862</b>	<b>\$196,836</b>	<b>\$13,769,164</b>	<b>1.41%</b>



### In support of MAA20

#### Current Fiscal Year 2017-18

Co-hosted with Peninsula Open Space Trust a free screening of “The Cat that Saved America” and panel discussion on wildlife corridors and the Highway 17 Wildlife Crossing attended by 325 guests on April 7, 2018.

Conducted additional ground-truthing and analysis on potential trail alignments that support the potential trail crossing locations to include in Feasibility Study. Identified eight (8) trail alignments to include in Project Study Report for Caltrans.

#### Prior Years

Conducted numerous field investigations and trail route evaluations for a potential future regional trail crossing over Highway 17 that would become part of the Bay Area Ridge Trail near the El Sereno, St. Joseph’s Hill, and Bear Creek Redwoods Preserves.

### PROJECT CHALLENGES

Complex Caltrans process and coordination with numerous project partners and stakeholders.

Additional studies and coordination needed for identifying feasible trail connections linking to regional trail crossing at Highway 17, evaluating multiple scenarios for trail connections on either side of Highway 17.

Property rights required from potential unwilling seller.

### POTENTIAL NEXT STEPS

Complete Recommended Alternatives Report.

Complete Project Study Report with Caltrans.

Continue to seek required property rights for crossing and access for studies.

# Portfolio 21

## Bear Creek Redwoods Public Recreation Access and Interpretation Projects



Bear Creek Redwoods Open Space Preserve by Paulo Vesica

### DESCRIPTION

- Open for hiking, equestrian activities
- Provide parking areas, trails, upgrade stables
- Restore and protect habitats for various species
- Repair roads and trails to reduce sediment
- Rehabilitate Alma College site

**Portfolio Allocation: \$17,478,000**

**Portfolio Expenditures through 6/30/2018: \$3,320,064**

### NOTABLE ACCOMPLISHMENTS

#### MAA21-003 Bear Creek Redwoods Water System

##### Current Fiscal Year 2017-18

Completed design, permitting, and construction of water main extension at BCR gate BC01. Provides water access to staff and provides initial connection to water system for Stables.

Established and filed pre-1914 water rights for Bear Creek Redwoods, installed meters, completed required annual reporting.

##### Prior Years

Completed an assessment of water source options and associated cost estimates for the Preserve, concluding that the most cost effective and secure option is to seek a direct water line connection to the San Jose Water Company main line.

Executed an agreement with San Jose Water Company (SJWC) to initiate a water line connection to the SJWC main line as the new source of water for the Preserve and Bear Creek Stables.

Completed initial filings for Preserve water rights.

Awarded a contract for design and engineering services for water system improvements.

#### MAA21-004 Bear Creek Stables Site Plan Implementation

##### Prior Years

Developed the Bear Creek Stables Site Plan alternatives and secured Board selection of the preferred alternative for CEQA review purposes.

#### MAA21-005 Bear Creek Redwoods Public Access

##### Current Fiscal Year 2017-18

Completed geologic assessment, geotechnical drilling and fault trenching. Completed regulatory/code assessment. Developed concept plans, design alternatives and cost estimates for Bear Creek Stables Phase I improvements.

---

Completed 90% Plans and Specifications and obtained design approval from the Board for the new Alma College parking area, pedestrian crossing, and trailhead.

---

Completed cultural resource assessments required by Bear Creek Masterplan EIR, in advance of Phase I Public Access road/trail construction, and parking lot construction. Prepared RFPQ, selected and contracted with consultant to complete a final survey/ assessment reports for ten sites, parking lot area, and Mud Lake improvements.

---

Completed Bear Creek Redwoods Phase I Public Access road, trail construction, upgrades, and drainage improvement including two segments of new trail to complete the westside loop.

---

Investigated a legacy landfill at BCR to determine size and potential constituents of concern. Scoped project, prepared RFPQ, selected consultant. Contract in process.

---

Entered into contract with Graniterock to construct new parking lot, road & trail improvements, and retaining wall at BCR. Construction started in March 2018 and should be completed by October 2018. Project will lead to the opening of Bear Creek Preserve to the public in spring 2019.

#### **Prior Years**

---

Completed an Archaeological Resources Curation Guidelines Report to address cultural resources within the Preserve.

---

Completed archaeological studies in advance of ground disturbance activities as required by the project's Environmental Impact Report, prior to beginning trail construction and road improvements work.

---

Began clearing roads to establish two key trail connections that will connect visitors between the future new parking area and the trails that will be opened on the west side of Bear Creek Road.

---

Conducted an engineering feasibility study to identify the preferred location for a Bear Creek Road trail undercrossing as an option for connecting visitors between the new parking area and the western area of the preserve.

---

Conducted initial geotechnical studies to evaluate the integrity of large retaining walls on the property that are supporting a major access road and existing structures.

### **MAA21-006 Bear Creek Redwoods Alma College Cleanup and Stabilization**

#### **Current Fiscal Year 2017-18**

---

Constructed two structures to provide alternative bat roosting habitat in anticipation of demolition work at Alma College.

---

Completed Schematic Designs (30% Plans and Specifications) for the Alma College Cultural Landscape Rehabilitation Project. Submitted a Landmark Alteration Permit application to Santa Clara County.

#### **Prior Years**

---

Conducted a recreation planning analysis for potential re-use of the Alma College Chapel.

---

Completed an earthquake fault rupture hazard study to determine if the Alma College Chapel could be occupied.

---

Completed the Bat Habitat Enhancement and Relocation Plan to protect the bat colonies at Alma College.

### **MAA21-007 Bear Creek Redwoods Preserve Plan: Invasive Weed Treatment**

#### **Prior Years**

---

Implemented the first year of a targeted invasive species treatment to restore native habitats throughout the Preserve.

---

Received Board approval of a Memorandum of Understanding with the Santa Clara Valley Water District for a five year, \$1,000,000 funding agreement to complete invasive species removal at Bear Creek Redwoods Preserve, with a possible five year extension for another \$1,000,000.

---

Received a grant and began first year work for targeted invasive species removal from the riparian areas of Bear Creek Redwoods. Grant from Santa Clara Valley Water District for \$200,000 per year for 5 years.

## MAA21-008 Bear Creek Redwoods Ponds Restoration and Water Rights

### Current Fiscal Year 2017-18

The Mud Lake Drainage Improvement Project plans were completed to 60%, which allowed for pre-permitting meetings to be held with the United States Army Corp of Engineers, the Regional Water Board, and the California Department of Fish & Wildlife to determine the permit and review timeframe required before the commencement of construction. The project will improve the storm water drainage system for Mud Lake. Permitting is anticipated to be completed by spring 2019, with construction to begin in summer 2019.

### Prior Years

Completed a Pond Assessment and Management Plan to determine the water needs for wildlife and habitat values at aquatic sites.

Began the first year of the western pond turtle population study and developed a Western Pond Turtle Management Plan.

## MAA21-009 Bear Creek Redwoods Webb Creek Bridge

### Current Fiscal Year 2017-18

Entered into contract with Graniterock to construct a new bridge at BCR. Construction started in March 2018 and should be completed by October 2018. New bridge will provide patrol and emergency vehicle access as well as pedestrian access.

### Prior Years

Designed Webb Creek Bridge replacement foundation.

Submitted CDFW and RWQCB permits for the Webb Creek Bridge Replacement Project.

## In support of MAA21

### Current Fiscal Year 2017-18

Hosted a Groundbreaking for the Bear Creek Redwoods Open Space Preserve parking lot project on May 1, 2018. The event was attended by 36 guests, including Board, staff, media representatives, and partners. Thirteen media outlets ran stories on the future preserve opening, including a segment on the NBC Bay Area television show “OpenRoad with Doug McConnell” on April 22, 2018.

Completed construction of BCR Alma College temporary fencing in April 2018 to improve site safety and security.

### Prior Years

Received Board approval of the Bear Creek Redwoods Preserve Plan and certification of the accompanying Environmental Impact Report, which included as plan components the Alma College Cultural Landscape Rehabilitation Plan and Bear Creek Stables Site Plan.

Issued a Request for Proposals and entered into contract to complete the design, engineering, and construction documents for the new, Alma College Parking Area, Bear Creek Road undercrossing, and Bear Creek Stables Site Improvements.

## PROJECT CHALLENGES

MAA21-004 Site’s legal non-conforming status raises concerns regarding use permit requirements and code upgrades that will likely raise costs substantially.

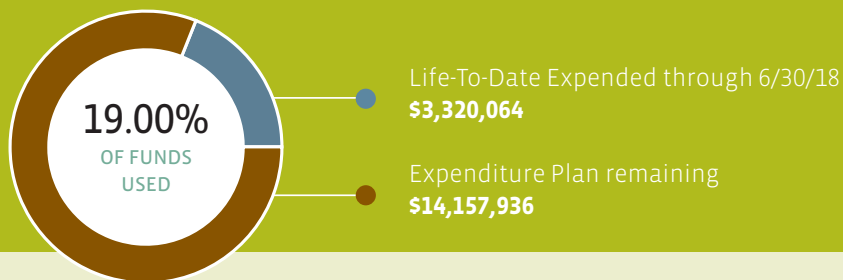
MAA21-008 Permitting agencies unexpectedly asked that Upper and Mud Lake projects be combined requiring staff to pull two consultant teams together to complete permit applications.

MAA21-005 Restroom Permitting—Santa Clara County Department of Environmental Health requires 100’ setbacks from waterways for restrooms, requiring relocation and new layout for the restroom.

Land acquisition requires a willing seller.

## Portfolio 21: Bear Creek Redwoods—Public Recreation and Interpretive Projects

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$17,478,000					
21-001—Moody Gulch Fence & Gate Improvements		\$848		\$848		
21-002—Bear Creek Redwoods Preserve Plan		(\$14,369)	\$1,415	(\$12,954)		
21-003—Bear Creek Redwoods Stables Water System		\$102,699	\$88,450	\$191,149		
21-004—Bear Creek Stables Site Plan Implementation		\$189,962	\$92,113	\$282,075		
21-005—Bear Creek Redwoods Public Access		\$381,669	\$1,124,266	\$1,505,935		
21-006—Bear Creek Redwoods: Alma College Cleanup and Stabilization		\$212,732	\$480,090	\$692,822		
21-007—Bear Creek Redwoods Preserve Plan: Invasive Weed Treatment		\$189,741	\$311,938	\$501,679		
21-007—Bear Creek Redwoods Preserve Plan: Invasive Weed Treatment Grant Income			(\$107,042)	(\$107,042)		
21-008—Bear Creek Redwoods: Ponds Restoration and Water Rights		\$89,998	\$36,678	\$126,676		
21-009—Bear Creek Redwoods: Webb Creek Bridge		\$66,014	\$72,862	\$138,876		
<b>Total</b>	<b>\$17,478,000</b>	<b>\$1,219,294</b>	<b>\$2,100,770</b>	<b>\$3,320,064</b>	<b>\$14,157,936</b>	<b>19.00%</b>



### POTENTIAL NEXT STEPS

- Confirm allowable maintenance and repairs of existing stables site within legal, non-conforming status.
- Continue IPM implementation on roads and trails, shaded fuel break.
  - Complete road, trail, bridge, and retaining wall improvements.
  - Complete installation of water lateral to SJWC main on Bear Creek Road.
  - Complete construction of the new Alma College parking area and trail connections.
  - Complete permitting and construction of pond improvement projects.
- Relocate proposed restroom to new approved location, obtain Santa Clara County Building Permit.



# Portfolio 22

## Sierra Azul Cathedral Oaks Public Access and Conservation Projects



Sierra Azul Open Space Preserve by Dale Grogan

### DESCRIPTION

- Develop multi-use trail and plan future trails as land is available
- Develop parking
- Restore plant communities and soils
- Install trailside amenities
- Preserve additional open space and complete wildlife corridor in upper Los Gatos Creek watershed

**Portfolio Allocation: \$6,714,000**

**Portfolio Expenditures through 6/30/2018: \$641,792**

### NOTABLE ACCOMPLISHMENTS

#### MAA22-001 Hendrys Creek Property Land Restoration

Current Fiscal Year 2017-18

Negotiated with resource agencies including CA Department of Fish and Wildlife, Regional Water Quality Control Board, and Army Corps of Engineers to finalize permits to perform the Hendrys Creek Restoration Project. Rare opportunity to perform environmental restoration to benefit wildlife and water quality.

#### Prior Years

Received partnership funds to purchase the 117-acre former Hendrys Creek Property to protect wildlife corridors and watershed lands. Progress towards MAA goals, but no MAA funds used on this purchase.

Completed the fifth year of the coordinated monitoring effort to reduce mercury within the Guadalupe River Watershed.

Completed the first phase of invasive plant removal and developed a partnership with the San Jose Conservation Corps for the Hendrys Creek watershed restoration effort.

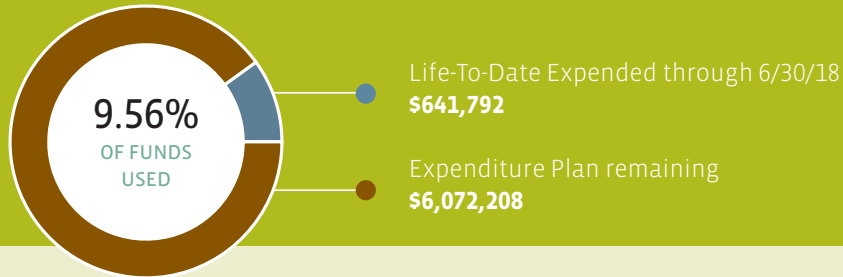
#### MAA22-003 Freudenburg Land Purchase

Prior Years

Purchased the 24.41-acre former Freudenburg Property to protect wildlife and watershed lands.

## Portfolio 22: Sierra Azul—Cathedral Oaks Public Access and Conservation Projects

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$6,714,000					
22-001—Hendrys Creek Property Land Restoration		\$145,638	\$22,677	\$168,315		
22-001—Hendrys Creek Property Land Restoration Grant Income		(\$40,000)	(\$27,111)	(\$67,111)		
22-003—Freudenberg Land Purchase		\$540,587		\$540,587		
<b>Total</b>	<b>\$6,714,000</b>	<b>\$646,225</b>	<b>-\$4,433</b>	<b>\$641,792</b>	<b>\$6,072,208</b>	<b>9.56%</b>



### PROJECT CHALLENGES

Permit monitoring requires up to 10 years of tracking and reporting, which is cumulative for every project requiring a resource agency permit.

### POTENTIAL NEXT STEPS

Complete Hendrys Creek Land Restoration and project mitigation. Continue monitoring for up to 10 years.

# Portfolio 23

## Sierra Azul Mount Umunhum Public Access and Interpretation Projects



Sierra Azul Open Space Preserve by Erin Ashford

### DESCRIPTION

- Open Mount Umunhum for multi-use public access to summit via road and trail
- Open Bay Area Ridge Trail and nearby trail connections
- Preserve additional open space and complete wildlife corridor

**Portfolio Allocation: \$27,972,000**

**Portfolio Expenditures through 6/30/2018: \$20,762,092**

### NOTABLE ACCOMPLISHMENTS

#### MAA23-001 Mt Um Road & Trail Property Rights

##### Prior Years

Purchased the 38.97-acre former Meyer/Connolly Property to protect additional open space and wildlife corridors.

In support of MAA improvements, purchased 28-acre Rosetta property to secure public access rights along Mount Umunhum Road and the Woods Trail in the Mount Umunhum area of Sierra Azul Preserve.

#### MAA23-002 Mt Um Trail

##### Current Fiscal Year 2017-18

Worked with various departments to complete final preparations for opening Mt Umunhum, installing fencing, signs, horse trough, trail construction.

Completed construction of Mt Umunhum Trail, including new bridges, signs.

##### Prior Years

Completed nearly 4-miles of the new Mount Umunhum Trail to connect people to the summit.

Completed major construction milestones on the Mount Umunhum Trail, including the construction of an additional 0.5-mile trail segment, the narrowing of old abandoned road cuts into a trail, and the installation of three new pedestrian bridges.

## MAA23-004 Mt. Umunhum Summit Restoration, Parking & Landing Zone

### Current Fiscal Year 2017-18

Completed the construction of the Mount Umunhum Summit Restoration Project, including parking lot, summit shelters, turnaround area, ceremonial circle, ADA pathways, stairs, trail steps, and other site amenities. Project opened up Mount Umunhum Summit area to the public.

Developed and created broad interpretive displays for the Mount Umunhum Summit Project, providing visitors to Mount Um substantially greater understanding of the site's rich history.

Continued restoration planting at Mt. Umunhum to restore native vegetation at the summit.

Continued mitigation planting work at Mt Umunhum to complete permitting obligations for mitigating impacts of trail development and road development associated with the opening of the summit area.

### Prior Years

Created a new contract with Grassroots Ecology Native Plant Nursery to grow approximately 1,900 native plants and five pounds of native grass and forb seed for Phase I of the Mount Umunhum Revegetation Project.

Developed a habitat restoration plan for the Mount Umunhum Summit to enhance the native plant recolonization of the restored mountaintop, incorporating input from the Amah Mutsun tribal group on Native American restoration techniques.

Surveyed and mapped rare plant populations and collected native plant seeds in support of the restoration planting plan.

## MAA23-005 Mt Um Guadalupe Creek Overlook & Bridges

### Current Fiscal Year 2017-18

Installed the Guadalupe Creek Overlook railings, continued mitigation planting, and removed trail debris to open the Woods Trail to the public.

### Prior Years

Completed the design, permitting and construction for the Guadalupe Creek Overlook (a featured overlook along the Mount Umunhum Trail), including permitting and construction of three new trail bridges for Mount Umunhum Trail.

## MAA23-006 Mt Um Road Design/Permitting/Construction

### Current Fiscal Year 2017-18

Completed the construction of the Mount Umunhum Road Improvement Project, including culverts, AC paving, drainage structures, gabion retaining walls, guardrail, mass grading and off haul, striping, and other road safety improvements. Completion of the project allowed access to the Mount Umunhum Summit area.

### Prior Years

Completed 75% of the road safety improvements on Mount Umunhum Road, to open the road to public vehicular use from Hicks Road all the way to the top of the summit.

## MAA23-007 Twin Creeks Land Conservation

### Current Fiscal Year 2017-18

Purchased 153.59-acre Twin Creeks Property providing water quality protection within the Los Alamitos Creek watershed, continuity of wildlife habitat corridors and potential for a future trail connection with Rancho Canada de Oro Open Space Preserve. As part of transaction, secured a demolition permit from Santa Clara County. The Gordon and Betty Moore Foundation provided grant funding in the amount of \$750,000 toward the purchase of \$2,800,000.

Completed the bidding process and awarded a contract for the Twin Creeks demolition project. Demolition started in July 2018.

### In support of MAA23

#### Current Fiscal Year 2017-18

Finalized and recorded Mt Umunhum public access easement, drainage easements, fee property and patrol/maintenance easement to Mt Thayer, ensuring legal access to these areas of the preserve.

Continued to respond to wildlife entrapment issues at the Mount Umunhum radar tower.

Submitted an application nominating Mount Umunhum for one of the 2018 Great Places in California, an award program under the American Planning Association (APA) California Chapter in March 2018. The APA Great Places Jury selected Mount Umunhum as one of three Great Places in California for 2018.

In support of MAA23, stayed in communication with Mt. Umunhum neighbors for the summit and road projects before, during, and after Grand Opening.

Produced a “Stories of Mount Umunhum” audio tour app and made it available for free download on iTunes and Google Play. The app offers a “virtual guided tour” of the summit and has been downloaded over 1,800 times.

Held the Mount Umunhum Grand Opening on September 17, 2017, with extensive media coverage.

#### Prior Years

Completed interim repairs on the Radar Tower, in support of the opening of the Mt Um summit to the public.

Started programming of Meyer property structures for future Ranger housing.

## PROJECT CHALLENGES

Mt. Umunhum Summit—Potential ongoing wildlife entrapment at the Tower.

Twin Creeks—Restoration of the creek and banks.

Land acquisition—Property rights required from potential unwilling seller.

## POTENTIAL NEXT STEPS

Continue monitoring for potential entrapped wildlife.

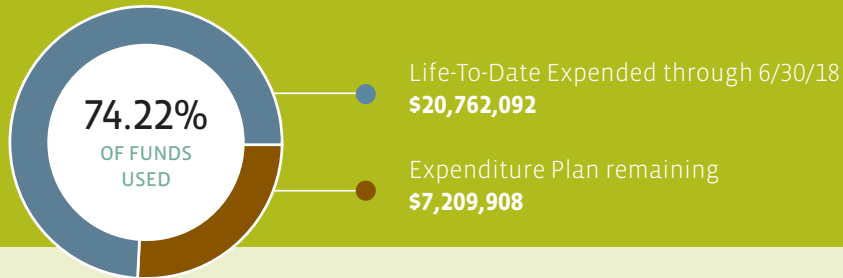
Continue to evaluate and design Meyer property structures for future Ranger housing in support of Measure AA improvements.

Continue native plant restoration of summit.

Award contract for demolition and removal of defunct structures.

**Portfolio 23: Sierra Azul—Mount Umunhum Public Access and Interpretation Projects**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$27,972,000					
23-001—Mt Um Road & Trail Property Rights		\$1,264,084	\$7,233	\$1,271,317		
23-002—Mt Um Trail		\$434,604	\$524,944	\$959,548		
23-004—Mt. Umunhum Summit Restoration, Parking & Landing Zone		\$8,370,004	\$2,028,269	\$10,398,273		
23-004—Mt. Umunhum Summit Restoration, Parking & Landing Zone Grant Income		(\$520,000)	(\$50,000)	(\$570,000)		
23-005—Mt Um Guadalupe Creek Overlook & Bridges		\$233,804	\$25,507	\$259,311		
23-006—Mt Um Road Design/Permitting/Construction		\$5,081,996	\$1,198,256	\$6,280,252		
23-007—Twin Creeks Land Conservation			\$2,913,392	\$2,913,392		
23-007—Twin Creeks Land Conservation Grant Income			(\$750,000)	(\$750,000)		
<b>Total</b>	<b>\$27,972,000</b>	<b>\$14,864,492</b>	<b>\$5,897,600</b>	<b>\$20,762,092</b>	<b>\$7,209,908</b>	<b>74.22%</b>



# Portfolio 24

## Sierra Azul Rancho de Guadalupe Family Recreation



Rancho de Guadalupe Area, Sierra Azul Open Space Preserve by Midpen Staff

### DESCRIPTION

- Open Rancho de Guadalupe to public access
- Develop accessible multi-use trails with amenities such as parking and family recreation
- Restore habitat for rare species
- Protect cultural and natural resources

**Portfolio Allocation: \$10,078,000**

**Portfolio Expenditures through 6/30/2018: \$1,606,896**

### NOTABLE ACCOMPLISHMENTS

#### MAA24-001 Barth Property Purchase

Prior Years

Purchased 4 acres of the Barth property expanding access from Hicks Road.

#### MAA24-002 Peterson Property Acquisition

Prior Years

Purchased 23.41-acre Peterson property to protect grassland habitat and water quality in the Guadalupe Creek watershed.

#### MAA24-003 Property Exchange Navid/Bagher

Prior Years

Property exchange with Navid/Bagher covering 3.42 acres, further expanding access from Hicks Road to the Preserve.

#### MAA24-004 Kahn Property Acquisition

Prior Years

Purchased 24.01-acre Kahn property for open space and watershed protection.

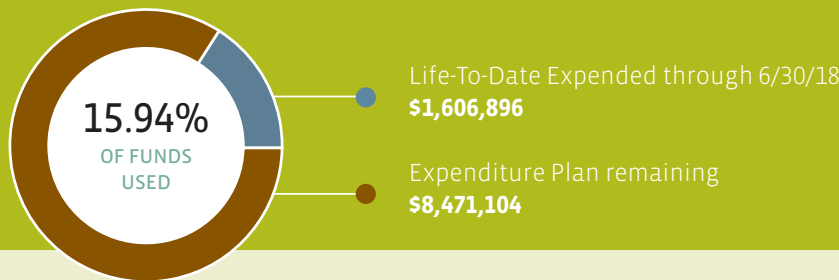
#### MAA24-005 Morales Property Acquisition

Current Fiscal Year 2017-18

To facilitate a proposed lot line adjustment.

## Portfolio 24: Sierra Azul—Rancho de Guadalupe Family Recreation

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$10,078,000					
24-001—Barth Property Purchase		\$300,035		\$300,035		
24-002RP—Peterson Property Acquisition		\$700,603		\$700,603		
24-003RP—Property Exchange Navid/Bagher		\$39,184		\$39,184		
24-004RP—Kahn Property Acquisition		\$552,174		\$552,174		
24-005RP—Morales Property Acquisition			\$14,900	\$14,900		
<b>Total</b>	<b>\$10,078,000</b>	<b>\$1,591,996</b>	<b>\$14,900</b>	<b>\$1,606,896</b>	<b>\$8,471,104</b>	<b>15.94%</b>



### In support of MAA24 Current Fiscal Year 2017-18

Pursued Sierra Azul Rancho de Guadalupe Land Conservation opportunities by continuing to work with land owner and consult with Santa Clara County Planning Department about possible lot line adjustments or remainder lot legalization along Pheasant Creek.

Continued to negotiate with SCVWD about land exchange to facilitate widening of Hicks Road near Guadalupe Reservoir.

### PROJECT CHALLENGES

Land acquisition requires a willing seller.

### POTENTIAL NEXT STEPS

Continue negotiations for potential land acquisition.

Western Pond turtle studies underway.



# Portfolio 25

## Sierra Azul

### Loma Prieta Area Public Access, Regional Trails, and Habitat Projects



Sierra Azul Open Space Preserve by Erin Ashford

#### DESCRIPTION

- Provide public access and recreation, including small campground
- Develop, improve, connect regional multi-use trails to Forest of Nisene Marks State Park, to protected land to the east, and to Mount Umunhum
- Protect Steelhead habitat, rare plants and grasslands, and restore Knob Cone Pine Stands

**Portfolio Allocation: \$7,986,000**

**Portfolio Expenditures through 6/30/2018: \$410,150**

#### NOTABLE ACCOMPLISHMENTS

##### MAA25-001 Land Conservation Opportunities

###### Prior Years

Purchased the 40-acre former Burton/Robinson Property to protect additional habitat within the Loma Prieta area.

#### PROJECT CHALLENGES

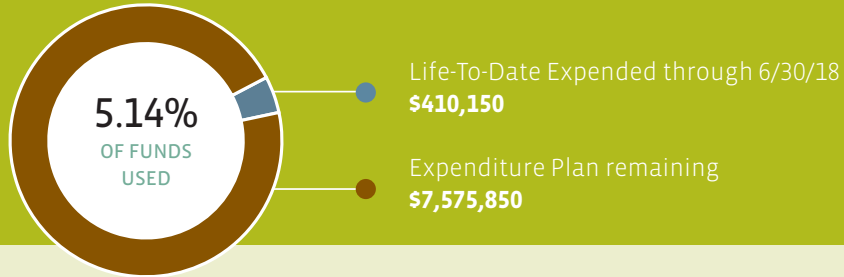
Land acquisition requires a willing seller.

#### POTENTIAL NEXT STEPS

No project next steps identified at this time.

**Portfolio 25: Sierra Azul—Loma Prieta Area Public Access, Regional Trails, and Habitat Projects**

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
Total Portfolio Allocation	\$7,986,000					
25-001—Burton Property Purchase		\$410,150		\$410,150		
<b>Total</b>	<b>\$7,986,000</b>	<b>\$410,150</b>		<b>\$410,150</b>	<b>\$7,575,850</b>	<b>5.14%</b>



Sierra Azul Open Space Preserve by Robin Lord

# Financial Report by Project

## Measure MAA Expenditures

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
---------	------------------	------------------------------------	---------------------------------------	------------------------------------	----------------------------	------------------

### Portfolio 1: Miramontes Ridge—Gateway to the Coast Public Access, Stream Restoration, and Agriculture Enhancement

Total Portfolio Allocation	\$27,774,000					
<b>01 Total</b>	<b>\$27,774,000</b>	<b>\$52,915</b>		<b>\$52,915</b>	<b>\$27,721,085</b>	<b>0.19%</b>

### Portfolio 2: Regional—Bayfront Habitat Protection and Public Access Partnerships

Total Portfolio Allocation	\$5,052,000					
<b>02-001</b> —Cooley Landing Interpretive Facilities Design and Implementation			\$200,685	\$200,685		
<b>02-002</b> —Ravenswood Bay Trail Design and Implementation		\$309,771	\$209,206	\$518,978		
<b>02-002</b> —Ravenswood Bay Trail Design and Implementation Grant Income		(\$104,338)	(\$125,283)	(\$229,622)		
<b>02 Total</b>	<b>\$5,052,000</b>	<b>\$205,433</b>	<b>\$284,608</b>	<b>\$490,041</b>	<b>\$4,561,959</b>	<b>9.70%</b>

### Portfolio 3: Purisima Creek Redwoods—Purisima-to-the-Sea Trail, Watershed Protection and Conservation Grazing

Total Portfolio Allocation	\$7,608,000					
<b>03-001</b> —Lot Line Adjustment and Property Transfer: Purisima Uplands		\$402,192	\$7,519	\$409,712		
<b>03-002</b> —Purisima Uplands Site Clean up and Soil Remediation Assessment		\$5,255	\$63,900	\$69,155		
<b>03-004</b> —Harkins Bridge Replacement		\$178,657	\$296,717	\$475,373		
<b>03-005</b> RP—Purisima Uplands Parking Area and Trail Connections			\$156,130	\$156,130		
<b>03 Total</b>	<b>\$7,608,000</b>	<b>\$586,104</b>	<b>\$524,266</b>	<b>\$1,110,370</b>	<b>\$6,497,630</b>	<b>14.59%</b>

### Portfolio 4: El Corte de Madera Creek—Bike Trail and Water Quality Projects

Total Portfolio Allocation	\$8,376,000					
<b>04-002</b> —ECdM Watershed Protection Final Phase		\$235,934		\$235,934		
<b>04-003</b> —ECdM Watershed Protection Re-assessment		\$83,956		\$83,956		
<b>04-004</b> —El Corte de Madera Oljon Trail Implementation		\$48,298	\$211,770	\$260,068		
<b>04 Total</b>	<b>\$8,376,000</b>	<b>\$368,188</b>	<b>\$211,770</b>	<b>\$579,958</b>	<b>\$7,796,042</b>	<b>6.92%</b>

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
---------	------------------	------------------------------------	---------------------------------------	------------------------------------	----------------------------	------------------

**Portfolio 5: La Honda Creek—Upper Area Recreation, Habitat Restoration, and Conservation Grazing Projects**

Total Portfolio Allocation	\$11,733,000					
05-001—Land Conservation		\$1,756,093		\$1,756,093		
05-002—Grazing/Water Systems Infrastructure		\$209,765		\$209,765		
05-004—Sears Ranch Interim Parking		\$5,074		\$5,074		
05-005—La Honda Creek Red Barn Parking Area and Easy Access Trail		\$216,937	\$110,559	\$327,496		
05-006—Sears Ranch Road Repair		\$98,560		\$98,560		
05-008PL—La Honda Creek White Barn Structural Rehabilitation			\$14,699	\$14,699		
<b>05 Total</b>	<b>\$11,733,000</b>	<b>\$2,286,428</b>	<b>\$125,258</b>	<b>\$2,411,686</b>	<b>\$9,321,314</b>	<b>20.55%</b>

**Portfolio 6: Windy Hill—Trail Improvements, Preservation, and Hawthorns Area Historic Partnership**

Total Portfolio Allocation	\$12,740,000					
06-001—Hawthorns Parking Lot Concept Design			\$8,490	\$8,490		
<b>06 Total</b>	<b>\$12,740,000</b>		<b>\$8,490</b>	<b>\$8,490</b>	<b>\$12,731,510</b>	<b>0.07%</b>

**Portfolio 7: La Honda Creek—Driscoll Ranch Public Access, Endangered Wildlife Protection, and Conservation Grazing**

Total Portfolio Allocation	\$14,825,000					
07-001—Apple Orchard/Event Center Purchase		\$6,007,601		\$6,007,601		
07-002—Fisheries Restoration Design/Permitting		\$727,716		\$727,716		
07-002—Fisheries Restoration Design/Permitting Grant Income		(\$230,970)		(\$230,970)		
07-003—Fisheries Enhancement: Apple Orchard		\$16,152		\$16,152		
07-004—Fisheries Enhancement: Event Center		\$20,000	\$30,000	\$50,000		
07-005—Grazing & Water Systems Infrastructure		\$189,422		\$189,422		
07-006—Cunha Land Purchase		\$3,080,705		\$3,080,705		
07-007—Demolitions: Wool Ranch House/Sears Ranch Rd		\$301,774	\$56,029	\$357,803		
07-009—Sears Ranch Parking Areas		\$177,011	\$947,534	\$1,124,545		
07-010—Sears Ranch Road Repair		\$458,484		\$458,484		
07-011—La Honda Creek Loop Trails			\$27,058	\$27,058		
<b>07 Total</b>	<b>\$14,825,000</b>	<b>\$10,747,895</b>	<b>\$1,060,622</b>	<b>\$11,808,516</b>	<b>\$3,016,484</b>	<b>79.65%</b>

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
<b>Portfolio 8: La Honda Creek/Russian Ridge—Preservation of Upper San Gregorio Watershed and Ridge Trail Completion</b>						
Total Portfolio Allocation	\$15,347,000					
<b>08 Total</b>	<b>\$15,347,000</b>			<b>\$0</b>	<b>\$15,347,000</b>	<b>0.00%</b>
<b>Portfolio 9: Russian Ridge—Public Recreation, Grazing, and Wildlife Protection Projects</b>						
Total Portfolio Allocation	\$5,560,000					
<b>09-001</b> —Mindego Grazing Infrastructure		\$174,416		\$174,416		
<b>09-003</b> —Russian Ridge Mindego Pond Improvement			\$136	\$136		
<b>09-004</b> —Mindego Hill Trail		\$67,403		\$67,403		
<b>09 Total</b>	<b>\$5,560,000</b>	<b>\$241,819</b>	<b>\$136</b>	<b>\$241,954</b>	<b>\$5,318,046</b>	<b>4.35%</b>
<b>Portfolio 10: Coal Creek—Reopen Alpine Road for Trail Use</b>						
Total Portfolio Allocation	\$8,017,000					
<b>10-001</b> —Alpine Road Regional Trail, Coal Creek		\$4,286	\$17,663	\$21,949		
<b>10 Total</b>	<b>\$8,017,000</b>	<b>\$4,286</b>	<b>\$17,663</b>	<b>\$21,949</b>	<b>\$7,995,052</b>	<b>0.27%</b>
<b>Portfolio 11: Rancho San Antonio—Interpretive Improvements, Refurbishing, and Transit Solutions</b>						
Total Portfolio Allocation	\$10,811,000					
<b>11-001</b> —New Trails to Connect Quarry Trail to Black Mountain Trail		\$728		\$728		
<b>11-002PL</b> —Rancho San Antonio, Deer Hollow Farm: White Barn Rehabilitation			\$29,511	\$29,511		
<b>11 Total</b>	<b>\$10,811,000</b>	<b>\$728</b>	<b>\$29,511</b>	<b>\$30,239</b>	<b>\$10,780,761</b>	<b>0.28%</b>
<b>Portfolio 12: Peninsula/South Bay Cities—Partner to Complete Middle Stevens Creek Trail</b>						
Total Portfolio Allocation	\$1,038,000					
<b>12 Total</b>	<b>\$1,038,000</b>			<b>\$0</b>	<b>\$1,038,000</b>	<b>0.00%</b>
<b>Portfolio 13: Cloverdale Ranch—Wildlife Protection, Grazing, and Trail Connections</b>						
Total Portfolio Allocation	\$15,712,000					
<b>13 Total</b>	<b>\$15,712,000</b>			<b>\$0</b>	<b>\$15,712,000</b>	<b>0.00%</b>

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
---------	------------------	------------------------------------	---------------------------------------	------------------------------------	----------------------------	------------------

**Portfolio 14: Regional—Trail Connections and Campgrounds**

Total Portfolio Allocation	\$3,966,000					
<b>14 Total</b>	<b>\$3,966,000</b>			<b>\$0</b>	<b>\$3,966,000</b>	<b>0.00%</b>

**Portfolio 15: Regional—Redwood Protection and Salmon Fishery Conservation**

Total Portfolio Allocation	\$50,728,000					
<b>15-001</b> —POST/Alpine Ranch Easement		\$2,508,695		\$2,508,695		
<b>15-002</b> —Conley Property Purchase		\$509,855		\$509,855		
<b>15 Total</b>	<b>\$50,728,000</b>	<b>\$3,018,550</b>		<b>\$3,018,550</b>	<b>\$47,709,450</b>	<b>5.95%</b>

**Portfolio 16: Long Ridge—Trail, Conservation, and Habitat Restoration Projects (Saratoga)**

Total Portfolio Allocation	\$5,140,000					
<b>16 Total</b>	<b>\$5,140,000</b>			<b>\$0</b>	<b>\$5,140,000</b>	<b>0.00%</b>

**Portfolio 17: Regional—Complete Upper Stevens Creek Trail**

Total Portfolio Allocation	\$7,760,000					
<b>17-001</b> —Lysons Property Purchase		\$1,494,552		\$1,494,552		
<b>17-001</b> —Lysons Property Purchase Grant Income (50% of purchase price)		(\$740,000)		(\$740,000)		
<b>17-002</b> —Demolition & Restoration —Lobner/Lysons		\$128,760	\$9,299	\$138,059		
<b>17-004</b> —Stevens Creek Nature Trail Bridges, Monte Bello		\$144,269	\$3,366	\$147,635		
<b>17 Total</b>	<b>\$7,760,000</b>	<b>\$1,027,581</b>	<b>\$12,666</b>	<b>\$1,040,247</b>	<b>\$6,719,753</b>	<b>13.41%</b>

**Portfolio 18: South Bay Foothills—Saratoga-to-Sea Trail and Wildlife Corridor**

Total Portfolio Allocation	\$1,365,000					
<b>18 Total</b>	<b>\$1,365,000</b>			<b>\$0</b>	<b>\$1,365,000</b>	<b>0.00%</b>

**Portfolio 19: El Sereno—Dog Trails and Connections**

Total Portfolio Allocation	\$2,254,000					
		\$715		\$715		
<b>19-001RP</b> —Gupta/Khan Property Purchase			\$406,553	\$406,553		
<b>19-002RP</b> —Dunham-Bohlman Easement			\$19,997	\$19,997		
<b>19 Total</b>	<b>\$2,254,000</b>	<b>\$715</b>	<b>\$426,550</b>	<b>\$427,265</b>	<b>\$1,826,736</b>	<b>18.96%</b>

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
<b>Portfolio 20: South Bay Foothills—Wildlife Passage and Ridge Trail Improvements</b>						
Total Portfolio Allocation	\$13,966,000					
20-001—Wildlife Corridor: Highway 17 Crossing		\$191,657	\$4,862	\$196,519		
20-002—Bay Area Ridge Trail: Highway 17 Crossing		\$317		\$317		
<b>20 Total</b>	<b>\$13,966,000</b>	<b>\$191,974</b>	<b>\$4,862</b>	<b>\$196,836</b>	<b>\$13,769,164</b>	<b>1.41%</b>

<b>Portfolio 21: Bear Creek Redwoods—Public Recreation and Interpretive Projects</b>						
Total Portfolio Allocation	\$17,478,000					
21-001—Moody Gulch Fence & Gate Improvements		\$848		\$848		
21-002—Bear Creek Redwoods Preserve Plan		(\$14,369)	\$1,415	(\$12,954)		
21-003—Bear Creek Redwoods Stables Water System		\$102,699	\$88,450	\$191,149		
21-004—Bear Creek Stables Site Plan Implementation		\$189,962	\$92,113	\$282,075		
21-005—Bear Creek Redwoods Public Access		\$381,669	\$1,124,266	\$1,505,935		
21-006—Bear Creek Redwoods: Alma College Cleanup and Stabilization		\$212,732	\$480,090	\$692,822		
21-007—Bear Creek Redwoods Preserve Plan: Invasive Weed Treatment		\$189,741	\$311,938	\$501,679		
21-007—Bear Creek Redwoods Preserve Plan: Invasive Weed Treatment Grant Income			(\$107,042)	(\$107,042)		
21-008—Bear Creek Redwoods: Ponds Restoration and Water Rights		\$89,998	\$36,678	\$126,676		
21-009—Bear Creek Redwoods: Webb Creek Bridge		\$66,014	\$72,862	\$138,876		
<b>21 Total</b>	<b>\$17,478,000</b>	<b>\$1,219,294</b>	<b>\$2,100,770</b>	<b>\$3,320,064</b>	<b>\$14,157,936</b>	<b>19.00%</b>

<b>Portfolio 22: Regional—Sierra Azul—Cathedral Oaks Public Access and Conservation Projects</b>						
Total Portfolio Allocation	\$6,714,000					
22-001—Hendrys Creek Property Land Restoration		\$145,638	\$22,677	\$168,315		
22-001—Hendrys Creek Property Land Restoration Grant Income		(\$40,000)	(\$27,111)	(\$67,111)		
22-003—Freudenberg Land Purchase		\$540,587		\$540,587		
<b>22 Total</b>	<b>\$6,714,000</b>	<b>\$646,225</b>	<b>-\$4,433</b>	<b>\$641,792</b>	<b>\$6,072,208</b>	<b>9.56%</b>

Project	Expenditure Plan	Total Through Prior Period 6/30/17	Current Period 7/1/17 Through 6/30/18	Total Life to Date Through 6/30/18	Expenditure Plan Remaining	Percent Expended
---------	------------------	------------------------------------	---------------------------------------	------------------------------------	----------------------------	------------------

### Portfolio 23: Sierra Azul—Mount Umunhum Public Access and Interpretation Projects

Total Portfolio Allocation	\$27,972,000					
23-001—Mt. Um Road & Trail Property Rights		\$1,264,084	\$7,233	\$1,271,317		
23-002—Mt. Um Trail		\$434,604	\$524,944	\$959,548		
23-004—Mt. Umunhum Summit Restoration, Parking & Landing Zone		\$8,370,004	\$2,028,269	\$10,398,273		
23-004—Mt. Umunhum Summit Restoration, Parking & Landing Zone Grant Income		(\$520,000)	(\$50,000)	(\$570,000)		
23-005—Mt. Um Guadalupe Creek Overlook & Bridges		\$233,804	\$25,507	\$259,311		
23-006—Mt. Um Road Design/Permitting/Construction		\$5,081,996	\$1,198,256	\$6,280,252		
23-007—Twin Creeks Land Conservation			\$2,913,392	\$2,913,392		
23-007—Twin Creeks Land Conservation Grant Income			(\$750,000)	(\$750,000)		
<b>23 Total</b>	<b>\$27,972,000</b>	<b>\$14,864,492</b>	<b>\$5,897,600</b>	<b>\$20,762,092</b>	<b>\$7,209,908</b>	<b>74.22%</b>

### Portfolio 24: Sierra Azul—Rancho de Guadalupe Family Recreation

Total Portfolio Allocation	\$10,078,000					
24-001—Barth Property Purchase		\$300,035		\$300,035		
24-002RP—Peterson Property Acquisition		\$700,603		\$700,603		
24-003RP—Property Exchange Navid/Bagher		\$39,184		\$39,184		
24-004RP—Kahn Property Acquisition		\$552,174		\$552,174		
24-005RP—Morales Property Acquisition			\$14,900	\$14,900		
<b>24 Total</b>	<b>\$10,078,000</b>	<b>\$1,591,996</b>	<b>\$14,900</b>	<b>\$1,606,896</b>	<b>\$8,471,104</b>	<b>15.94%</b>

### Portfolio 25: Sierra Azul—Loma Prieta Area Public Access, Regional Trails, and Habitat Projects

Total Portfolio Allocation	\$7,986,000					
25-001—Burton Property Purchase		\$410,150		\$410,150		
<b>25 Total</b>	<b>\$7,986,000</b>	<b>\$410,150</b>		<b>\$410,150</b>	<b>\$7,575,850</b>	<b>5.14%</b>

<b>GRAND TOTAL</b>	<b>\$300,000,000</b>	<b>\$37,464,772</b>	<b>\$10,715,238</b>	<b>\$48,180,010</b>	<b>\$251,819,990</b>	<b>16.06%</b>
--------------------	----------------------	---------------------	---------------------	---------------------	----------------------	---------------

FUNDING BY



2014 OPEN SPACE BOND



# Section Two

---

**MEASURE AA BALLOT LANGUAGE**

## **EXHIBIT A Expenditure Plan**

**TITLE:** To improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of the region and coastline, critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk.

### **1. SUMMARY**

Founded by voters in 1972, the Midpeninsula Regional Open Space District ("District") has protected, in perpetuity, 62,000 acres of open space containing 26 preserves and more than 220 miles of trails that serve Santa Clara, San Mateo, and a portion of Santa Cruz counties. The District's preserves provide a scenic backdrop to the region offering residents places for hiking, biking, horseback riding, or simply connecting with nature, close to home. Throughout its 41-year history the District has used taxpayer dollars wisely, leveraging funds to bring in state, federal, and private grant money, and providing annual audits in a transparent public process. The District is governed by a publicly elected board of directors.

Over the years, the number of acres and miles of trails the District owns and maintains have steadily increased, as have the number of visitors and the cost of land. Expanding public access, restoring sensitive environments and purchasing land are costly, yet are high priorities for the public.

To reinforce and expand these types of services and resources, the Board of Directors is placing this funding measure on the June 3, 2014 ballot.

\$300 million in General Obligation Bonds will be sold. The bond repayment would be financed by an annual property tax override based on a tax rate not to exceed \$3.18 per \$100,000 of assessed value of property owned per year.

This Expenditure Plan outlines priority actions identified by the public and proposed by the District to be funded with bond proceeds. Part B describes each priority action and describes what goals it will achieve. Part C of the Expenditure Plan describes the establishment of an independent Citizen Oversight Committee.

## 2. PRIORITY ACTIONS

The priority actions listed below are the result of a process that combined scientific analysis with broad public engagement to create a shared vision for the future of the District and the region's open space. Each priority action may address one or more of the following as more specifically described in the table **Priority Actions, By Region** attached to this Expenditure Plan:

- Improved hiking, biking, and equestrian opportunities
- Protection and preservation of redwoods, natural open spaces, the scenic beauty of the region and coastline, critical habitats
- Restoration of creeks to protect water quality
- Reduction of forest fire risk

Priority actions are distributed throughout the District as depicted on the map attached to this Expenditure Plan.

If approved, the bond proceeds would be allocated to fund the capital improvements necessary to implement the priority actions listed below. Note: the number associated with each priority action does not denote its priority level, but is only used for identification purposes to correlate with the locations depicted on the map.

The estimates associated with each priority action are in 2014 dollars. These are estimates only, and the actual costs may change in implementation.

The District may annually review and propose amendments to the Expenditure Plan to provide for the use of additional federal, state and local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances. The District shall act on no more than one package of amendments each fiscal year. The District shall establish a process for proposed Expenditure Plan amendment(s) which ensures that the Citizen Oversight Committee is included in the development. Upon completion of this process, amendments(s) to the Expenditure Plan must be passed by a two-thirds majority of the District Board in a publicly noticed meeting.

## PRIORITY ACTIONS, BY REGION

<b>South Bay Foothills</b> (Los Gatos, Monte Sereno, Saratoga, and Santa Cruz Mountains)	
<b>18</b>	<b>South Bay Foothills: Saratoga-to-Sea Trail and Wildlife Corridor</b> Protect wildlife corridor along Highway 9. Connect trail to Saratoga-to-Sea Trail and Skyline-to-Sea Trail. <b>\$1,365,000</b>
<b>19</b>	<b>El Sereno: Dog Trails and Connections</b> Provide infrastructure to open trails to dogs. Develop connections to Skyline, Sanborn County Park, & Lexington Reservoir. <b>\$2,254,000</b>
<b>20</b>	<b>South Bay Foothills: Wildlife Passage and Ridge Trail Improvements</b> Establish safe corridors for mountain lions across Highway 17. Establish Bay Area Ridge Trail crossing. <b>\$13,966,000</b>
<b>21</b>	<b>Bear Creek Redwoods: Public Recreation and Interpretive Projects</b> Open for hiking, equestrian activities. Provide parking areas, trails; upgrade stables. Restore & protect habitats for various species. Repair roads & trails to reduce sediment. Rehabilitate Alma College site. <b>\$17,478,000</b>
<b>22</b>	<b>Sierra Azul: Cathedral Oaks Public Access and Conservation Projects</b> Develop multi-use trail & plan future trails as land is available. Develop parking. Restore plant communities and soils. Install trailside amenities. Preserve additional open space and complete wildlife corridor in upper Los Gatos Creek watershed. <b>\$6,714,000</b>
<b>23</b>	<b>Sierra Azul: Mt. Umunhum Public Access and Interpretation Projects</b> Open Mt. Umunhum for multi-use public access to summit via road and trail. Open Bay Area Ridge Trail and nearby trail connections. Preserve additional open space and complete wildlife corridor. <b>\$27,972,000</b>
<b>24</b>	<b>Sierra Azul: Rancho de Guadalupe Family Recreation</b> Open Rancho de Guadalupe to public access. Develop accessible multi-use trails with amenities such as parking and family recreation. Restore habitat for rare species. Protect cultural and natural resources. <b>\$10,078,000</b>
<b>25</b>	<b>Sierra Azul: Loma Prieta Area Public Access, Regional Trails and Habitat Projects</b> Provide public access and recreation, including small campground. Develop, improve, connect regional multi-use trails to Forest of Nisene Marks State Park, to protected land to east, and to Mt. Umunhum. Protect Steelhead habitat, rare plants and grasslands, restore Knobcone Pine stands. <b>\$7,986,000</b>

## Peninsula Foothills and Bay

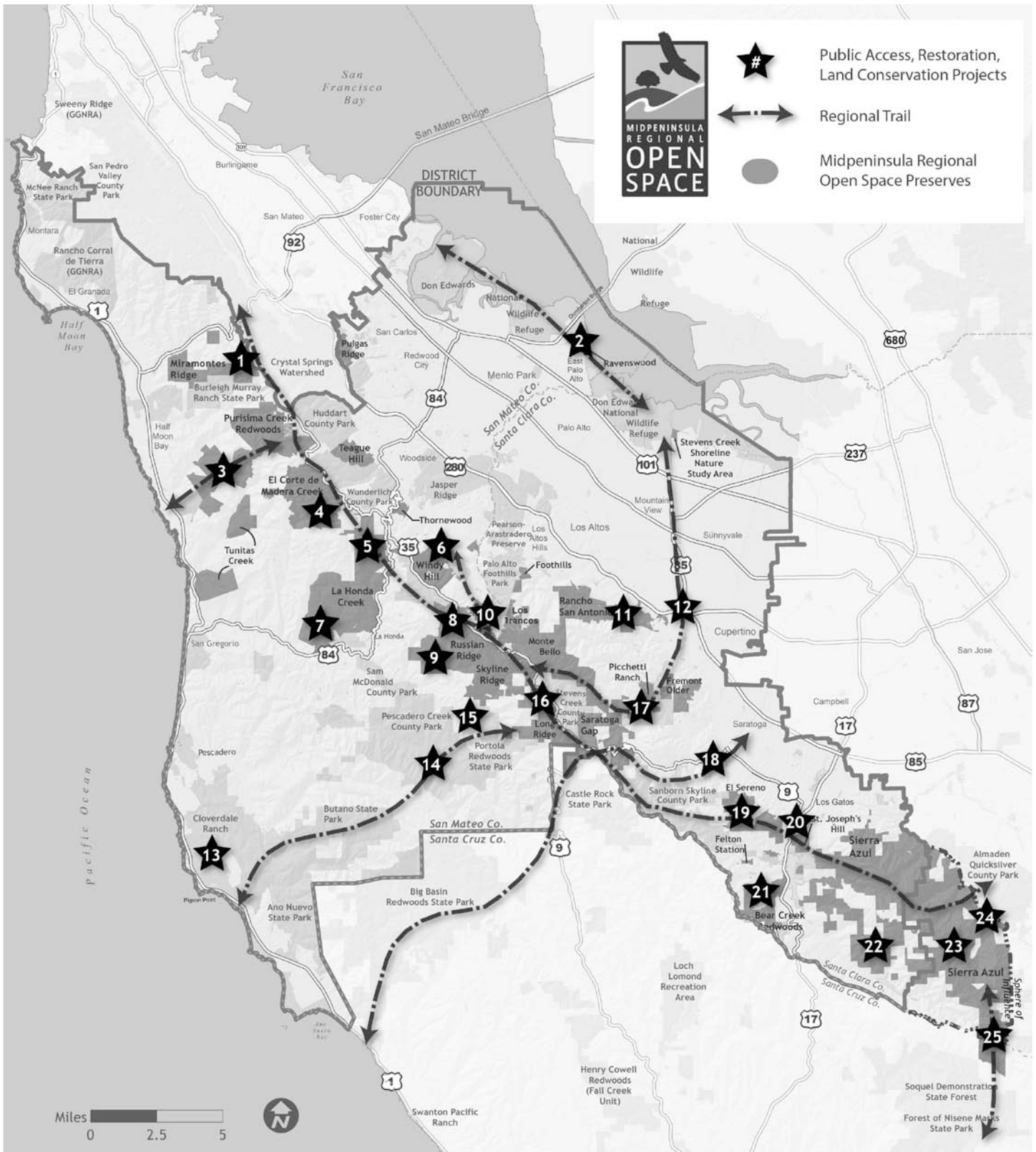
(Cupertino, Los Altos, Los Altos Hills, Sunnyvale, Mountain View, Palo Alto, East Palo Alto, Menlo Park, Atherton, Redwood City, San Carlos, Woodside, Portola Valley, Skyline)

<b>2</b>	<b>Regional: Bayfront Habitat Protection and Public Access Partnerships</b> Partner to complete gaps in Bay Trail and develop city-to-bay trails. Support wetland restoration and associated interpretive facilities. Preserve additional bayfront open space. <b>\$5,052,000</b>
<b>4</b>	<b>El Corte de Madera Creek: Bike Trail and Water Quality Projects</b> Develop single-use biking/hiking trails, complete Ridge Trail gaps, and develop trail system leading to parking area. Restore damaged trails to improve water quality. Preserve additional open space as available. <b>\$8,376,000</b>
<b>5</b>	<b>La Honda Creek: Upper Area Recreation, Habitat Restoration and Conservation Grazing Projects</b> Open upper half of the preserve to public; provide biking/hiking/equestrian trails, dog access, and staging areas. Provide loop & connector trails. Restore habitat for rare species. Improve fencing, corrals, and water systems to reintroduce conservation grazing. <b>\$11,733,000</b>
<b>6</b>	<b>Windy Hill: Trail Improvements, Preservation and Hawthorns Area Historic Partnership</b> Improve trails, complete pond facilities. Increase multi-use trails, study possible improvements to increase dog use. Open Hawthorns Area; develop trails connecting to Portola Valley and Palo Alto trails. Partner to protect, restore, and interpret historic buildings. Improve habitat conditions in Los Trancos Creek. Preserve additional scenic open space as available. <b>\$12,740,000</b>
<b>8</b>	<b>La Honda Creek/Russian Ridge: Preservation of Upper San Gregorio Watershed &amp; Ridge Trail Completion</b> Preserve upper San Gregorio watershed; restore endangered species habitats. Support opportunities to provide additional water for fisheries. Complete Bay Area Ridge Trail multi-use connections and gaps. Provide additional public use facilities. <b>\$15,347,000</b>
<b>9</b>	<b>Russian Ridge: Public Recreation, Grazing and Wildlife Protection Projects</b> Open currently closed areas of preserve. Construct and extend trails. Improve fencing, corrals, and water systems to reintroduce conservation grazing. Improve habitat for sensitive species, implement pond enhancement projects for garter snakes and red-legged frogs. <b>\$5,560,000</b>
<b>10</b>	<b>Coal Creek: Reopen Alpine Road for Trail Use</b> Reopen Alpine Road as trail connection between Portola Valley & Skyline Blvd. Reroute trails to reduce erosion and improve visitor experience. <b>\$8,017,000</b>
<b>11</b>	<b>Rancho San Antonio: Interpretive Improvements, Refurbishing, and Transit Solutions</b> Add welcome center, refurbish and add interpretive exhibits to Deer Hollow Farm. Support of transit improvement options such as bike trails, bikeshare station, bus service, or additional parking. <b>\$10,811,000</b>
<b>12</b>	<b>Peninsula/South Bay Cities: Partner to Complete Middle Stevens Creek Trail</b> Support work by cities to develop the middle section of the Stevens Creek Trail and enhance neighborhood connections. Support work by partners to complete stream corridor restoration and steelhead habitat enhancement below dam. Develop and install interpretive signage. <b>\$1,038,000</b>
<b>16</b>	<b>Long Ridge: Trail, Conservation and Habitat Restoration Projects (Saratoga)</b> Improve roadside parking and provide restrooms. Develop new trail connections to Eagle Rock and Devils Canyon. Repair trails for year-round multi-use access. Protect watersheds for steelhead. Preserve additional open space as available. Implement pond and habitat enhancement restoration projects to benefit rare species. <b>\$5,140,000</b>
<b>17</b>	<b>Regional: Complete Upper Stevens Creek Trail</b> Complete multi-use connection between the Bay Trail & Bay Area Ridge Trail above the reservoir through Picchetti Ranch Open Space Preserve & Lower/Upper Stevens Creek County Parks. Improve Preserve trails and neighborhood connections. Preserve additional open space as available. <b>\$7,760,000</b>

## Coast

### (Half Moon Bay, San Gregorio, Pescadero, La Honda,)

<b>1</b>	<b>Miramontes Ridge: Gateway to the Coast Public Access, Stream Restoration and Agriculture Enhancement</b> Preserve scenic open space land as available, and establish wildlife corridor. Restore fish and red-legged frog habitats in Madonna Creek watershed. Partner to enhance water availability for agriculture and fish. Develop trail loop system, including Ridge Trail and neighborhood access points. Develop staging area, repair bridges. <b>\$27,774,000</b>
<b>3</b>	<b>Purisima Creek Redwoods: Purisima-to-Sea Trail, Watershed Protection and Conservation Grazing</b> Complete and open multi-use Purisima-to-Sea trail connection between Ridge Trail and Coastal Trail, and new parking areas. Preserve additional open space as available. Remove fish barriers and restore Lobitos Creek. Restore ponds for endangered species. <b>\$7,608,000</b>
<b>7</b>	<b>La Honda Creek: Driscoll Ranch Public Access, Endangered Wildlife Protection and Conservation Grazing</b> Open Driscoll Ranch Area; provide biking/hiking/equestrian trails, limited dog access, parking areas, and interpretive displays. Develop loop & connector trails. Restore habitat for endangered species. Restore La Honda Creek; remove fish migration barriers. <b>\$14,825,000</b>
<b>13</b>	<b>Cloverdale Ranch: Wildlife Protection, Grazing and Trail Connections</b> Improve fencing, corrals, and water systems to increase conservation grazing and sustain large contiguous grasslands. Restore habitat for endangered species. Provide trail connections to nearby State parks. <b>\$15,712,000</b>
<b>14</b>	<b>Regional: Trail Connections and Campgrounds</b> Develop trails between Butano, Pescadero County Park, Pescadero, Russian Ridge, and between Skyline and Portola Redwoods, Big Basin State Park. Partner with County and State Parks to improve existing campgrounds. <b>\$3,966,000</b>
<b>15</b>	<b>Regional: Redwood Protection and Salmon Fishery Conservation</b> Preserve additional open space as available. Protect and enhance redwood stands, mountain scenery, various habitats and steelhead salmon. <b>\$50,728,000</b>



### **3. INDEPENDENT CITIZEN OVERSIGHT COMMITTEE**

An Independent Citizen Oversight Committee will be formed to verify expenditures of bond proceeds. The Independent Citizen Oversight Committee will consist of seven at-large members, all of whom shall be District residents. The Citizen Oversight Committee will be selected by the Board and interviewed and approved in open session, and will be subject to the conflict of interest constraints of the California Political Reform Act.

The responsibilities of the Committee include:

- Review Plan expenditures on an annual basis to verify conformity with the Expenditure Plan.
- Review District's Annual Audit and Annual Accountability report and present the Committee's findings to the Board at a public meeting.
- Review any proposed amendments to the Expenditure Plan.



**EXHIBIT B**  
**TAX RATE STATEMENT**

An election will be held in the Midpeninsula Regional Open Space District (the "District") on June 3, 2014, to authorize the sale of up to \$300 million in bonds of the District to provide public access and acquire, restore, and preserve open space throughout the District as described in the ballot measure. If the bonds are approved, the District expects to sell the bonds in several series over time. Principal and interest on the bonds will be payable from the proceeds of tax levies made upon the taxable property in the District. The information contained in numbered paragraphs 1 - 3 below is provided in compliance with sections 9400-9404 of the Elections Code of the State of California.

1. The best estimate of the tax which would be required to be levied to fund this bond issue during the *first* fiscal year after the sale of the first series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$1.00 per \$100,000 of assessed valuation in fiscal year 2015-16.

2. The best estimate of the tax rate which would be required to be levied to fund this bond issue during the first fiscal year after the sale of the *last* series of bonds, based on estimated assessed valuations available at the time of filing of this statement, is \$2.90 per \$100,000 of assessed valuation in fiscal year 2044-45.

3. The best estimate of the *highest* tax rate which would be required to be levied to fund this bond issue, based on estimated assessed valuations available at the time of filing of this statement, is \$3.18 per \$100,000 of assessed valuation in fiscal year 2034-35.

Voters should note that the estimated tax rates are based on the estimated *ASSESSED VALUE* of taxable property on the respective County's official tax rolls, not on a property's market value. Property owners should consult their own property tax bills to determine their property's assessed value and any applicable tax exemptions.

Attention of all voters is directed to the fact that the foregoing information is based upon the District's projections and estimates only, which are not binding upon the District. The actual tax rates and the years in which they will apply may vary from those presently estimated, due to variations from these estimates in the timing of bond sales, the amount of bonds sold and market interest rates at the time of each sale, and actual assessed valuations over the term of repayment of the bonds. The dates of sale and the amount of bonds sold at any given time will be determined by the District based on its needs for funds and other factors. The actual interest rates at which the bonds will be sold will depend on the bond market at the time of each sale. Actual future assessed valuation will depend upon the amount and value of taxable property within the District as determined by the respective County Assessor in the annual property value assessment process.

Dated: \_\_\_\_\_, 2014.

\_\_\_\_\_  
General Manager  
Midpeninsula Regional Open Space District

# Section Three

---

**ANNUAL FINANCIAL AUDIT REPORT**

---

# *Annual Financial Audit Report*

*Fiscal Year Ended June 30, 2018*

## *Midpeninsula Regional Open Space District*

*Prepared by:  
Finance and Administrative Services*

---



*Page Intentionally Left Blank*



*Introductory Section*

*Page Intentionally Left Blank*

**Midpeninsula Regional Open Space District**  
Santa Clara County

For the Year Ended June 30, 2018

---

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
<b>INTRODUCTORY SECTION</b>	
Table of Contents.....	1
Principal Officials.....	2
Organizational Charter .....	3
Location Map.....	4
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report .....	6
Management’s Discussion and Analysis .....	10
Basic Financial Statements:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position.....	20
Statement of Activities .....	21
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	24
Reconciliation of the Governmental Funds Balance Sheet to the	
Statement of Net Position.....	25
Statement of Revenues, Expenditures, and Changes	
in Fund Balance – Governmental Funds .....	26
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities.....	27
Notes to the Basic Financial Statements .....	30
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenue, Expenditures and Changes in Fund Balance –	
Budget and Actual (GAAP) General Fund.....	66
Schedule of Pension Plan Contributions.....	67
Schedule of Net Pension Liability Proportionate Shares .....	68
Schedule of Contributions for Postemployment Benefits.....	69
Schedule of Changes in Total OPEB Liability .....	70
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenue, Expenditures and Changes in Fund Balance –	
Budget and Actual (GAAP) Measure AA Capital Projects Fund.....	74
Schedule of Revenue, Expenditures and Changes in Fund Balance –	
Budget and Actual (GAAP) GF Capital Projects Fund .....	75
Schedule of Revenue, Expenditures and Changes in Fund Balance –	
Budget and Actual (GAAP) Debt Service Fund.....	76
Measure AA Bond Program – Schedule of Program Expenditures .....	77
Notes to Supplementary Information.....	78
<b>OTHER INDEPENDENT AUDITOR’S REPORTS:</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on	
Compliance and Other Matters Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government Auditing Standards</i> .....	80

**Midpeninsula Regional Open Space District**  
Santa Clara County

For the year ended June 30, 2018

---

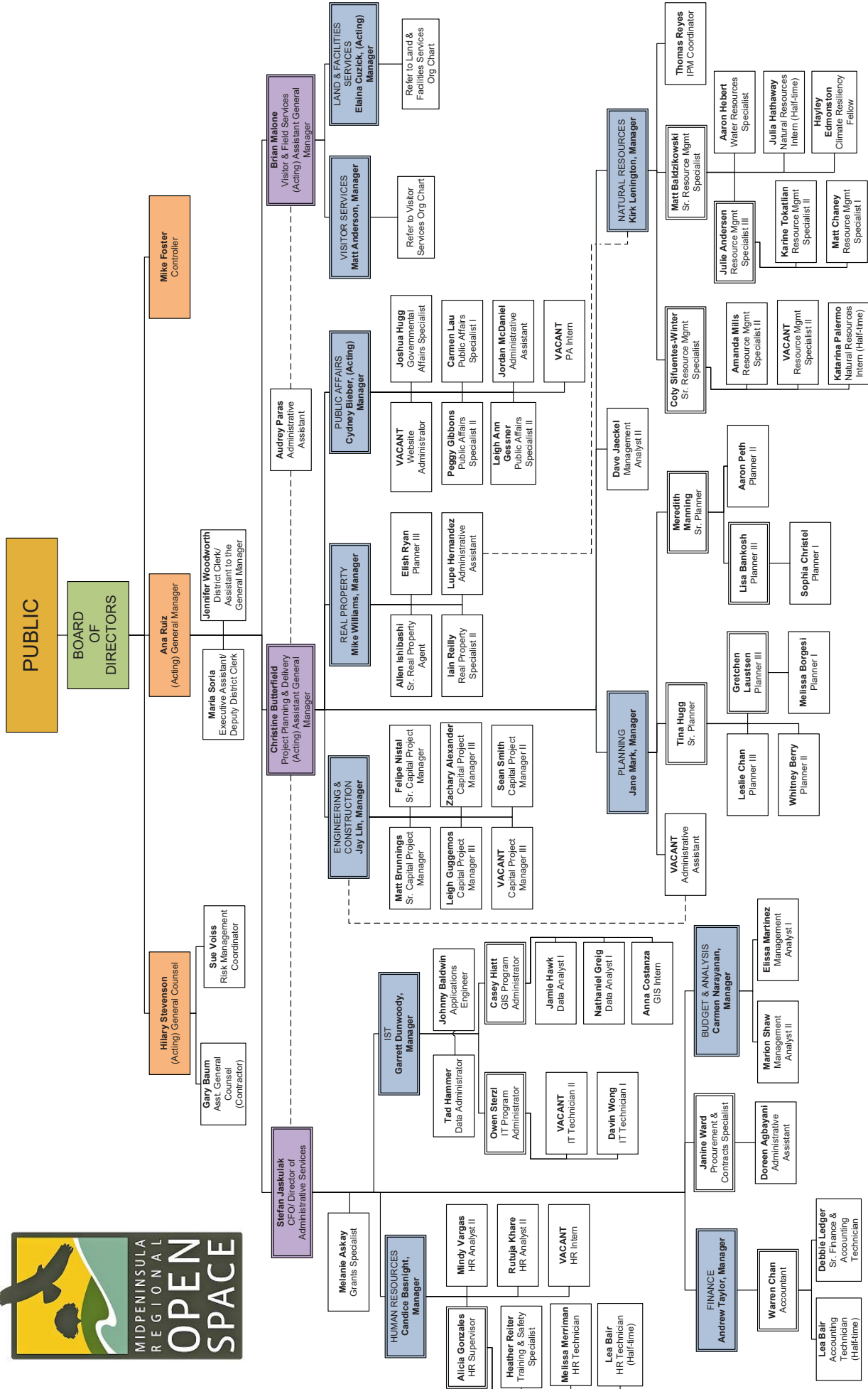
**DISTRICT BOARD OF DIRECTORS**

Jed Cyr, Ward 3 - Board President (Term ends 12/31/2020)  
Cecily Harris, Ward 7 - Vice President (resigned after 6/30/2018)  
Yoriko Kishimoto, Ward 2 - Board Secretary (Term ends 12/31/2018)  
Curt Riffle, Ward 4 - Board Treasurer (Term ends 12/31/2020)  
Pete Siemenes, Ward 1 - Board Member (Term ends 12/31/2018)  
Nonette Hanko, Ward 5 - Board Member (Term ends 12/31/2018)  
Larry Hassett, Ward 6 - Board Member (Term ends 12/31/2018)

**DISTRICT MANAGEMENT**

Ana Ruiz, Acting General Manager  
Brian Malone, Acting General Manager  
Christine Butterfield, Acting General Manager  
Michael L. Foster, Controller  
Hilary Stevenson, Esq., Acting General Counsel  
Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services





# The Midpeninsula Regional Open Space District



## Midpeninsula Regional Open Space District Open Space Preserves and Locations

- MROSD Preserves
- Other Protected Open Space or Park Lands & Public Watershed Lands
- Land Trust, Private Watershed Lands, & Conservation Easements/Plans
- Other Public Agency Lands & Institutional Lands
- Private Property

# Preserve	Acres	# Preserve	Acres	# Preserve	Acres
1 Bear Creek Redwoods	1,437	9 Los Trancos	274	17 Russian Ridge	3,491
2 Coal Creek	508	10 Miramontes Ridge*	1,716	18 Saratoga Gap	1,608
3 El Corte de Madera Creek	2,906	11 Monte Bello	3,537	19 Sierra Azul	18,939
4 El Sereno	1,419	12 Picchetti Ranch	308	20 Skyline Ridge	2,143
5 Foothills	212	13 Pulgas Ridge	366	21 St. Joseph's Hill	270
6 Fremont Older	739	14 Purisima Creek Redwoods	4,752	22 Stevens Creek	55
7 La Honda Creek	6,144	15 Rancho San Antonio	3,988	23 Teague Hill	626
8 Long Ridge	2,035	16 Ravenswood	376	24 Thornewood	167
				25 Tunitas Creek*	1,660
				26 Windy Hill	1,414

\*Currently not open for public access.



*Financial Section*



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Midpeninsula Regional Open Space District  
Los Altos, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund for Midpeninsula Regional Open Space District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of pension plan contributions, schedule of net pension liability proportionate shares, schedule of contributions for postemployment benefits, and schedule of changes in total OPEB liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The District currently funds this obligation on a pay-as-you go basis and through contributions to a trust. The District anticipates that its ongoing funding and current resources are sufficient to meet its obligations as they come due. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2018 on our consideration of the District's internal control over financial reporting and on our tests of



## Chavan & Associates, LLP

Certified Public Accountants

---

its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A CP

October 29, 2018  
San Jose, California



*Management's Discussion and Analysis*

# Midpeninsula Regional Open Space District

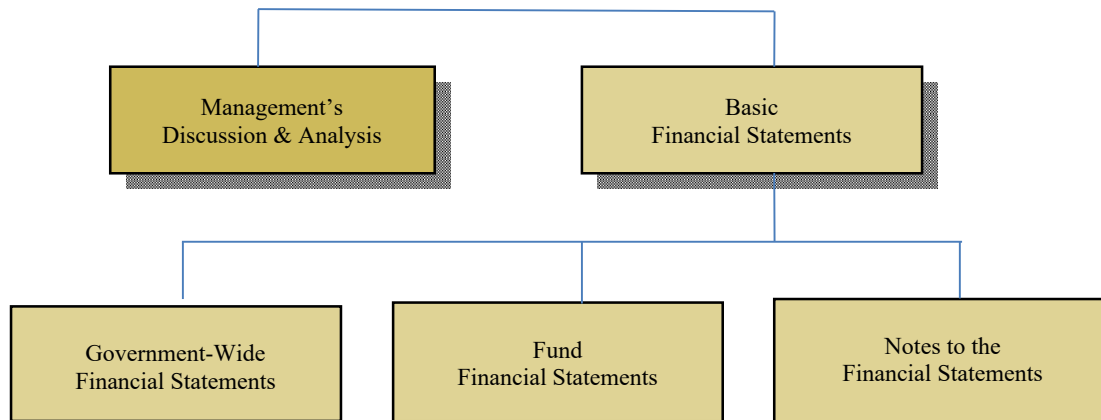
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

---

## INTRODUCTION

The purpose of the Management's Discussion and Analysis (MD&A) is to present a discussion and analysis of the District's financial performance during the year ended on June 30, 2018. This report will (1) focus on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify changes in the District's financial position, (4) identify any individual fund issues or concerns, and (5) provide descriptions of significant asset and debt activity. This information, presented in conjunction with the annual Basic Financial Statements, is intended to provide a comprehensive understanding of the District's operations and financial standing.

### Required Components of the Annual Financial Report



## OVERVIEW AND USE OF THE FINANCIAL STATEMENTS

This annual report consists of a series of basic financial statements and notes. The statements are organized so the reader can understand the District as an entire operating entity by providing an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities is comprised of the government-wide financial statements and provides information about the activities of the District as a whole, presenting both an aggregate view of the District's finances as well as a longer-term view of those finances. Fund Financial Statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short-term as well as what remains for future spending. The Basic Financial Statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.



# Midpeninsula Regional Open Space District

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

---

- Notes to the financial statements, provide more detailed data and provide explanations to some of the information in the statements. The required supplementary information section provides further explanations and additional support for the financial statements.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS - STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2017-2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, whether the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities which reflect the District's programs and services. The District does not have any business type activities.

### **FINANCIAL HIGHLIGHTS**

District tax revenue and other metrics will not be comparable to the prior period due to the fifteen-month period of the prior period financial statements. As the overall economy continued to grow throughout the Silicon Valley, the District witnessed further strong growth in the assessed valuation of both secured and unsecured property within its boundaries. The 2018-19 assessed valuation reports released in June 2018 showed District-wide assessed values increasing by 7.3% (7.2% in Santa Clara and 7.4% in San Mateo). The District received 30% of its tax revenue from Santa Clara County and 56% from San Mateo County.

Other financial highlights included:

- Tax revenue related to the GO bonds amounted to \$2.45 million
- The District issued \$25.025 million in Refunding Bonds to defease and redeem \$11.605 million 2012 Current Interest Notes and \$8.9 million 2012 Capital Appreciation Notes initial principal.
- The District issued \$50 million in General Obligation Bonds related to Measure AA and \$11.22 million in Parity Bonds.
- Purchased \$3.5 million land and associated structures funded through Measure AA GO bond proceeds.
- The District implemented GASB 75 during the year, which required the District to record the unfunded liability from other postemployment benefits offered to employees. The Net OPEB liability as of June 30, 2018 was \$1,898,023. In prior years, the District was only required to record the accumulated difference between its annual required contribution and the actual contributions made, which was an asset of \$406,023 at June 30, 2017.

The assets of the District exceeded liabilities at the close of the 2017 fiscal year by \$349 million. Of this total net position, \$312 million, or 89%, was the District's net investment in capital assets (capital assets net of related debt).

# Midpeninsula Regional Open Space District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

The analysis of the District's fund financial statements begins on page 16. Fund financial reports provide detailed information about the District's major funds. The District uses one operating fund, the General Fund, to account for a multitude of financial transactions, two capital project funds to account for capital projects, and one debt service fund to account for debt service payments.

### Governmental Funds

The General Fund is a governmental fund type and is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## THE DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as compared to last period:

<b>Table 1 - Summary of Statement of Net Position</b>				
	2018	2017	Change	Percentage Change
<b>Assets</b>				
Current Assets	\$ 135,924,361	\$ 77,668,537	\$ 58,255,824	75.01%
Other Noncurrent Assets	637,906	1,312,382	(674,476)	-51.39%
Capital Assets	462,119,833	447,133,839	14,985,994	3.35%
<b>Total Assets</b>	<b>\$ 598,682,100</b>	<b>\$ 526,114,758</b>	<b>\$ 72,567,342</b>	<b>13.79%</b>
<b>Total Deferred Outflows of Resources</b>				
	\$ 17,804,789	\$ 15,636,983	\$ 2,167,806	13.86%
<b>Liabilities</b>				
Current Liabilities	\$ 14,219,357	\$ 16,210,837	\$ (1,991,480)	-12.28%
Noncurrent Liabilities	252,063,016	186,466,568	65,596,448	35.18%
<b>Total Liabilities</b>	<b>\$ 266,282,373</b>	<b>\$ 202,677,405</b>	<b>\$ 63,604,968</b>	<b>31.38%</b>
<b>Total Deferred Inflows of Resources</b>				
	\$ 1,416,399	\$ 2,071,424	\$ (655,025)	-31.62%
<b>Net Position</b>				
Net Investment in Capital Assets	\$ 312,120,869	\$ 308,600,974	\$ 3,519,895	1.14%
Restricted	7,252,294	4,570,997	2,681,297	58.66%
Unrestricted	29,414,954	23,830,941	5,584,013	23.43%
<b>Total Net Position</b>	<b>\$ 348,788,117</b>	<b>\$ 337,002,912</b>	<b>\$ 11,785,205</b>	<b>3.50%</b>

Total net position increased by \$11.8 million, as revenues exceeded expenditures. Noncurrent assets increased due mostly to \$17.4 million of capital expenditures.

## Midpeninsula Regional Open Space District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

Table 2 shows the changes in net position for 2018 as compared to period 2017.

<b>Table 2 - Summary of Changes in Net Position</b>				
	2018	2017	Change	Percentage Change
<b>Revenues</b>				
Program revenues	\$ 3,189,096	\$ 2,130,301	\$ 1,058,795	49.70%
General revenues:				
Property taxes	47,798,349	43,860,976	3,937,373	8.98%
Investment earnings	1,045,124	462,618	582,506	125.92%
Miscellaneous	1,152,611	783,977	368,634	47.02%
<b>Total Revenues</b>	<b>53,185,180</b>	<b>47,237,872</b>	<b>5,947,308</b>	<b>12.59%</b>
<b>Program Expenses</b>				
Land preservation	28,909,830	21,783,483	7,126,347	32.71%
Interest	8,193,228	8,327,042	(133,814)	-1.61%
Depreciation	2,398,894	1,585,098	813,796	51.34%
<b>Total Expenses</b>	<b>39,501,952</b>	<b>31,695,623</b>	<b>7,806,329</b>	<b>24.63%</b>
<b>Change in Net Position</b>	<b>13,683,228</b>	<b>15,542,249</b>	<b>(1,859,021)</b>	<b>-11.96%</b>
<b>Adjustment to Beginning Net Position</b>	<b>(1,898,023)</b>	<b>-</b>	<b>(1,898,023)</b>	<b>100.00%</b>
<b>Beginning Net Position</b>	<b>337,002,912</b>	<b>321,460,663</b>	<b>15,542,249</b>	<b>4.83%</b>
<b>Ending Net Position</b>	<b>\$ 348,788,117</b>	<b>\$ 337,002,912</b>	<b>\$ 11,785,205</b>	<b>3.50%</b>

Of the \$1 million increase in program revenues, \$600 thousand was due to the increased grant revenue and \$400 thousand was due to income from redevelopment agency (RDA) pass-through.

### THE DISTRICT'S FUND BALANCE

Table 3 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

<b>Table 3 - Summary of Fund Balance (All Governmental Funds)</b>								
	2018					Total	2017	Percentage Change
	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund				
Nonspendable for prepaid expenditure	\$ 35,968	\$ -	\$ -	\$ -	\$ 35,968	\$ 55,093	-35%	
Restricted for debt service	-	-	-	5,791,164	5,791,164	2,193,934	164%	
Restricted for Measure AA Projects	-	46,468,809	-	-	46,468,809	7,344,797	533%	
Restricted for Hawthorne maintenance	1,466,982	-	-	-	1,466,982	1,971,040	-26%	
Restricted for capital projects	-	-	7,043,765	-	7,043,765	-	100%	
Committed for infrastructure	44,000,000	-	-	-	44,000,000	30,000,000	47%	
Committed for equipment replacement	3,000,000	-	-	-	3,000,000	2,400,000	25%	
Committed for natural disasters	3,000,000	-	-	-	3,000,000	3,000,000	0%	
Committed for capital maintenance	2,000,000	-	-	-	2,000,000	-	100%	
Committed for future acquisitions and capital projects	3,000,000	-	-	-	3,000,000	-	100%	
Committed for promissory note	300,000	-	-	-	300,000	-	100%	
Unassigned	16,306,537	-	-	-	16,306,537	23,872,450	-32%	
<b>Total Fund Balance</b>	<b>\$73,109,487</b>	<b>\$ 46,468,809</b>	<b>\$ 7,043,765</b>	<b>\$ 5,791,164</b>	<b>\$132,413,225</b>	<b>\$70,837,314</b>	<b>83%</b>	

Following the completion of its new thirty-year strategic plan, the Board of Directors committed a majority of the unassigned fund balance during fiscal year 2018 to reserves for infrastructure, equipment replacement and natural disasters. See page 36 of the audit report for a description of each commitment.

## Midpeninsula Regional Open Space District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

### GENERAL FUND BUDGETING HIGHLIGHTS

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of 2018, the District revised its General Fund budget, which resulted in an increase in budgeted expenditures of \$116 thousand from the original to final budget. The final budgeted revenue estimate was \$48 million. A summary of the original and final budget is presented below:

<b>Table 4 - Summary of Original to Final Budgets</b>				
	Original Budget	Final Budget	Variance	Percent Variance
<b>Revenues</b>				
Property taxes	\$ 44,839,000	\$ 45,403,688	\$ 564,688	1.26%
Grant revenues	191,000	191,000	-	0.00%
Property management	1,197,092	1,197,092	-	0.00%
Investment earnings	636,000	820,000	184,000	28.93%
Other revenues	464,501	464,501	-	0.00%
<b>Total Revenues</b>	<b>47,327,593</b>	<b>48,076,281</b>	<b>748,688</b>	<b>1.58%</b>
<b>Expenditures</b>				
Salaries and employee benefits	21,923,124	21,974,034	50,910	0.23%
Services and supplies	9,702,951	9,809,954	107,003	1.09%
Capital outlay	84,000	43,000	(41,000)	-95.35%
<b>Total Expenses</b>	<b>31,710,075</b>	<b>31,826,988</b>	<b>116,913</b>	<b>0.37%</b>
<b>Net Change in Fund Balance</b>	<b>\$ 15,617,518</b>	<b>\$ 16,249,293</b>	<b>\$ 631,775</b>	<b>4.05%</b>

District expenditures were over the annual budget for the Debt Service Fund by \$200 thousand. The budget overage was due to an adjustment during the year end closing process to record the bond issuance costs paid from the bond proceeds.

### CAPITAL ASSETS

Table 5 shows 2018 capital asset balances as compared to 2017.

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>				
	2018	2017	Change	Percentage Change
Land	\$ 414,547,441	\$ 407,986,151	\$ 6,561,290	1.61%
Construction-in-Progress	8,596,297	19,020,245	(10,423,948)	-54.80%
Structure and Improvements	7,320,057	6,715,297	604,760	9.01%
Infrastructure	28,512,084	10,474,326	18,037,758	172.21%
Equipment	989,551	804,552	184,999	22.99%
Vehicles	2,154,403	2,133,268	21,135	0.99%
<b>Total Capital Assets - Net</b>	<b>\$ 462,119,833</b>	<b>\$ 447,133,839</b>	<b>\$ 14,985,994</b>	<b>3.35%</b>

Additional detail and information on capital asset activity is described in the notes to the financial statements, note 5.

# Midpeninsula Regional Open Space District

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018

## LONG TERM LIABILITIES

Table 6 summarizes the changes in long-term liabilities from 2018 to 2017.

	2018	2017	Change	Percentage Change
Promissory Notes	\$ 39,769,276	\$ 65,095,264	\$ (25,325,988)	-38.91%
Bonds	205,905,916	116,855,465	89,050,451	76.21%
Net Pension Obligation	11,022,824	10,121,906	900,918	8.90%
Net OPEB	1,845,000	-	1,845,000	100.00%
Compensated Absences	1,723,930	1,817,547	(93,617)	-5.15%
<b>Total Long-term Liabilities</b>	<b>\$ 260,266,946</b>	<b>\$ 193,890,182</b>	<b>\$ 66,376,764</b>	<b>34.23%</b>

Additional detail and information on long-term liabilities activity is described in the notes to the financial statements, note 6.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board of Directors adopted the District's budget for year 2018-2019 on June 13, 2018. This budget assumes \$58.8 million in revenues and a growth in general fund property tax income of 6% over the prior period. This budget funds \$54.1 million of capital spending, of which \$14.8 million is expected to qualify for reimbursement from Measure AA GO bond funds, and \$31.6 million represents the purchase of the District's new administrative headquarters. This building purchase will be fully funded from existing reserves. General Fund operating expenditures are budgeted at \$33.5 million, a 10.5% increase over the prior year's budget. Debt service is budgeted at \$15.7 million, \$4 million higher than the prior year budget due to the issuance of \$50 million of GO bonds (second tranche of the Measure AA funds) and \$11.2 million of parity bonds in 2017-2018. If all revenues, expenditures (including debt service) occur as budgeted, the District's overall cash balances would increase by over \$7 million.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Office, Midpeninsula Regional Open Space District, 330 Distel Circle, Los Altos, California 94022.

*Page Intentionally Left Blank*



*Basic Financial Statements*

*Page Intentionally Left Blank*



## GOVERNMENT-WIDE STATEMENTS

### Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities summarize the entire District's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the District's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis. The effect of all of the District's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between District funds have been eliminated.

The Statement of Net Position reports the difference between the District's total assets and the District's total liabilities, including all the District's capital assets and all its long-term debt. The Statement of Net Position presents information in a way that focuses the reader on the composition of the District's net position, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all of the District's Governmental Activities in a single column. The District's Governmental Activities include the activities of its General Fund, along with all its Special Revenue Funds, Capital Projects Funds, and Debt Service Funds.

The Statement of Activities reports increases and decreases in the District's net position. It is also prepared on the full accrual basis, which means it includes all the District's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the District's expenses first, listed by program. Program revenues – that is, revenues which are generated directly by these programs - are then deducted from program expenses to arrive at the net expense of each governmental program. The District's general revenues are then listed in the Governmental Activities and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both these Statements include the financial activities of the District and the Midpeninsula Regional Open Space District Financing Authority. This entity is legally separate but is a component unit of the District because it is controlled by the District, which is financially accountable for the Authority's activities.

# Midpeninsula Regional Open Space District

## Statement of Net Position

June 30, 2018

### Assets

#### Current assets:

Cash and investments	\$	132,551,342
Accounts receivable:		
Deposits		3,119,075
Rent		8,094
Interest		209,661
Due from other governments:		
Taxes receivable		221
Other current assets		35,968
Total current assets		135,924,361

#### Noncurrent assets:

Notes receivable		115,248
Unamortized issuance costs		522,658
Non-depreciable capital assets		423,143,738
Capital assets, net of depreciation		38,976,095
Total noncurrent assets		462,757,739

Total Assets	\$	598,682,100
--------------	----	-------------

### Deferred Outflows of Resources

OPEB adjustments		412,000
Pension adjustments		7,151,966
Deferred loss on early retirement of long-term debt		10,240,823
Total Deferred Outflows of Resources		\$ 17,804,789

### Liabilities

#### Current liabilities:

Accounts payable	\$	2,423,768
Deposits payable		96,568
Payroll and other liabilities		990,800
Accrued interest		2,504,291
Current portion of long-term liabilities		8,203,930
Total current liabilities		14,219,357

#### Noncurrent liabilities:

Long-term liabilities - net of current portion		252,063,016
--	--	-------------

Total Liabilities	\$	266,282,373
-------------------	----	-------------

### Deferred Inflows of Resources

OPEB adjustments		82,400
Pension adjustments		1,333,999
Total Deferred Outflows of Resources		\$ 1,416,399

### Net Position

Net investment in capital assets	\$	312,120,869
----------------------------------	----	-------------

#### Restricted for:

Debt service		5,785,312
Hawthorne maintenance		1,466,982
Total restricted		7,252,294

Unrestricted		29,414,954
--------------	--	------------

Total Net Position	\$	348,788,117
--------------------	----	-------------

The notes to the financial statements are an integral part of this statement.

## Midpeninsula Regional Open Space District

### Statement of Activities

For the Fiscal Year Ended June 30, 2018

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:				
Land preservation	\$ 28,909,830	\$ 1,576,379	\$ 1,612,717	\$ (25,720,734)
Interest and fiscal charges	8,193,228	-	-	(8,193,228)
Depreciation	2,398,894	-	-	(2,398,894)
Total governmental activities	\$ 39,501,952	\$ 1,576,379	\$ 1,612,717	(36,312,856)
General revenues:				
Property taxes				47,798,349
Investment earnings				1,045,124
Other revenues				1,126,058
Special item - loss on disposal of capital assets				26,553
Total general revenues and special item				49,996,084
Change in net position				13,683,228
Net position beginning				337,002,912
Prior period adjustment (GASB 75 Net OPEB Liability)				(1,898,023)
Net position beginning as adjusted				335,104,889
Net position ending				\$ 348,788,117

The notes to the financial statements are an integral part of this statement.

*Page Intentionally Left Blank*

## FUND FINANCIAL STATEMENTS

### MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the District in fiscal year 2018.

Fund Title	Fund Description
General Fund	The fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this fund are property taxes, grant revenues and interest income. Expenditures are made for land preservation and other operating expenditures.
Measure AA Capital Projects Fund	This fund is used to account for resources from bond proceeds and expenditures for capital projects related to the Measure AA GO Bond.
GF Capital Projects Fund	This fund is used to account for expenditures for capital projects not related to any other capital projects funds.
Debt Service Fund	This fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers and interest income on unspent funds.

# Midpeninsula Regional Open Space District

## Balance Sheet Governmental Funds June 30, 2018

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 68,169,299	\$ 49,284,586	\$ 9,312,145	\$ 5,785,312	\$ 132,551,342
Receivables:					
Deposits	3,119,075	-	-	-	3,119,075
Rent	8,094	-	-	-	8,094
Interest	209,661	-	-	-	209,661
Due from other governments:					
Taxes receivable	221	-	-	-	221
Other current assets	35,968	-	-	-	35,968
Due from other funds	5,119,189	1,285,387	674,707	5,852	7,085,135
Notes receivable	115,248	-	-	-	115,248
<b>Total Assets</b>	<b>\$ 76,776,755</b>	<b>\$ 50,569,973</b>	<b>\$ 9,986,852</b>	<b>\$ 5,791,164</b>	<b>\$ 143,124,744</b>
<b>Liabilities</b>					
Liabilities:					
Accounts payable	\$ 809,865	\$ 676,149	\$ 937,754	\$ -	\$ 2,423,768
Deposits payable	96,568	-	-	-	96,568
Due to other funds	1,654,787	3,425,015	2,005,333	-	7,085,135
Payroll and other liabilities	990,800	-	-	-	990,800
<b>Total Liabilities</b>	<b>3,552,020</b>	<b>4,101,164</b>	<b>2,943,087</b>	<b>-</b>	<b>10,596,271</b>
<b>Deferred Inflows Of Resources</b>					
Unavailable revenues	115,248	-	-	-	115,248
<b>Fund Balance</b>					
Nonspendable:					
Prepaid expenditures	35,968	-	-	-	35,968
Restricted for:					
Debt service	-	-	-	5,791,164	5,791,164
Measure AA capital projects	-	46,468,809	-	-	46,468,809
Hawthorne maintenance	1,466,982	-	-	-	1,466,982
Capital projects	-	-	7,043,765	-	7,043,765
Committed for:					
Infrastructure	44,000,000	-	-	-	44,000,000
Equipment replacement	3,000,000	-	-	-	3,000,000
Natural disasters	3,000,000	-	-	-	3,000,000
Capital maintenance	2,000,000	-	-	-	2,000,000
Future acquisitions and capital projects	3,000,000	-	-	-	3,000,000
Promissory note	300,000	-	-	-	300,000
Unassigned	16,306,537	-	-	-	16,306,537
<b>Total Fund Balance</b>	<b>73,109,487</b>	<b>46,468,809</b>	<b>7,043,765</b>	<b>5,791,164</b>	<b>132,413,225</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 76,776,755</b>	<b>\$ 50,569,973</b>	<b>\$ 9,986,852</b>	<b>\$ 5,791,164</b>	<b>\$ 143,124,744</b>

The notes to the financial statements are an integral part of this statement.

# Midpeninsula Regional Open Space District

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2018

Total fund balance - governmental funds		\$ 132,413,225
Amounts reported in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets at cost	\$ 479,769,749	
Accumulated depreciation	<u>(17,649,916)</u>	462,119,833
Principal on notes receivables are recorded as unearned revenue in the funds, which upon collection is a current financial resource. In the government-wide financial statements, repayment of the principal amount does not generate revenue in the statement of activities; therefore, unearned revenue is not recorded.		
		115,248
The difference between projected and actual amounts in pension and OPEB plans are not included in the plans' actuarial study until the next fiscal year and are reported as deferred outflows or inflows of resources in the statement of net position as follows:		
OPEB adjustments:		
Difference between actual and expected earnings		(82,400)
Contribution subsequent to measurement date		412,000
Pension adjustment		
Change in assumptions		2,365,101
Difference between actual and expected experience		(275,001)
Difference between actual and expected earnings		579,041
Difference between employer's contributions and proportionate share of contributions		1,924,035
Change in employer's proportion		(1,058,998)
Contribution subsequent to measurement date		2,283,789
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not reported in the governmental funds.		
		(2,504,291)
Discounts and premiums related to bond issues are recorded as other financing sources and uses in the fund financial statements but are recorded as assets or liabilities and amortized over the life of the bond in the statement of net position:		
Premium	\$ 26,838,674	
Issuance cost	<u>(522,658)</u>	(26,316,016)
Deferred loss on early retirement of long-term debt is recorded in the Statement of Net Position as a deferred outflow of resources and amortized on a straight line basis over the original life of the defeased bond.		
		10,240,823
Long-term liabilities are not due and payable in the current year and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:		
Bonds	\$ 184,370,000	
Net pension obligations	11,022,824	
Promissory notes	34,466,518	
Compensated absences	1,723,930	
Annual net OPEB obligation	<u>1,845,000</u>	<u>(233,428,272)</u>
Total net position - governmental activities		<u>\$ 348,788,117</u>

The notes to the financial statements are an integral part of this statement.

**Midpeninsula Regional Open Space District**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	General Fund	Measure AA Capital Projects Fund	GF Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 45,347,807	\$ -	\$ -	\$ 2,450,542	\$ 47,798,349
Grant income	553,281	1,059,436	-	-	1,612,717
Property management	1,576,379	-	-	-	1,576,379
Investment earnings	853,729	102,684	(37,855)	145,635	1,064,193
Other revenues	347,983	-	-	-	347,983
<b>Total revenues</b>	<b>48,679,179</b>	<b>1,162,120</b>	<b>(37,855)</b>	<b>2,596,177</b>	<b>52,399,621</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Land preservation:</b>					
Salaries and employee benefits	19,983,975	730,701	-	-	20,714,676
Services and supplies	7,475,205	24,468	11,251	-	7,510,924
Capital outlay	-	11,032,939	5,407,129	-	16,440,068
<b>Debt service:</b>					
Principal	-	-	-	5,716,067	5,716,067
Advance refunding escrow	-	-	-	676,232	676,232
Interest	-	-	-	5,720,001	5,720,001
Issuance cost	-	250,000	133,434	493,496	876,930
<b>Total expenditures</b>	<b>27,459,180</b>	<b>12,038,108</b>	<b>5,551,814</b>	<b>12,605,796</b>	<b>57,654,898</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>21,219,999</b>	<b>(10,875,988)</b>	<b>(5,589,669)</b>	<b>(10,009,619)</b>	<b>(5,255,277)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	9,409,095	9,409,095
Transfers out	(9,409,095)	-	-	-	(9,409,095)
Payment to refunded debt escrow agent	-	-	-	(27,659,551)	(27,659,551)
Issuance of refunding debt	-	-	-	25,025,000	25,025,000
Issuance of debt	-	50,000,000	11,220,000	-	61,220,000
Premium from debt issuances	-	-	1,413,434	6,832,305	8,245,739
<b>Total other financing sources (uses)</b>	<b>(9,409,095)</b>	<b>50,000,000</b>	<b>12,633,434</b>	<b>13,606,849</b>	<b>66,831,188</b>
<b>Net changes in fund balance</b>	<b>11,810,904</b>	<b>39,124,012</b>	<b>7,043,765</b>	<b>3,597,230</b>	<b>61,575,911</b>
Fund balance beginning	61,298,583	7,344,797	-	2,193,934	70,837,314
<b>Fund balance ending</b>	<b>\$ 73,109,487</b>	<b>\$ 46,468,809</b>	<b>\$ 7,043,765</b>	<b>\$ 5,791,164</b>	<b>\$ 132,413,225</b>

The notes to the financial statements are an integral part of this statement.



**Midpeninsula Regional Open Space District**  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2018

Total net change in fund balance - governmental funds		\$ 61,575,911
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Expenditures capitalized as capital assets	\$ 17,411,441	
Depreciation expense	(2,398,894)	
Loss on disposal of capital asset	<u>(26,553)</u>	14,985,994
<p>Governmental funds do not report loss on disposal of capital assets. However, in the government-wide statement of activities and changes in net position, the cost to dispose of capital assets, net any proceeds, is accounted for as a special item.</p>		
<p>Repayment of notes receivable is reported as revenue in the governmental funds because financial resources were received and available during the fiscal year. In the statement of net position, the payment reduces the principal balance of notes receivable and does not generate revenue in the statement of activities.</p>		
		(19,069)
<p>Accreted interest on capital appreciation bonds is not recorded in the governmental funds but is required to be recorded under the accrual basis of accounting in the government wide financial statements.</p>		
		(457,204)
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:</p>		
Proceeds from the issuance of general obligation and parity bonds	\$ (86,245,000)	
Bond premium capitalized	(8,245,739)	
Deferred loss on early retirement of refunded bonds	4,113,597	
Advance refunding of bonds	24,222,186	
Repayment of bond principal	4,590,000	
Repayment of promissory notes principal	<u>1,126,067</u>	(60,438,889)
<p>Deferred loss on early retirement of long-term debt is amortized over the life of the debt in the statement of activities. Amortization expense is not reported in the governmental funds.</p>		
		(590,802)
<p>Prepaid issuance costs, discounts and premiums related to bond issues are recorded as other financing sources and uses in the fund financial statements but are recorded as assets or liabilities and amortized over the life of the bond in the statement of net position:</p>		
Amortization of issuance costs and premiums - net		776,874
<p>In the Statement of Activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year, vacation earned exceeded the amounts used.</p>		
		93,617
<p>In governmental funds, actual contributions to pension and OPEB plans are reported as expenditures in the year incurred. However, in the government-wide statement of activities, only the current year pension and OPEB expense as noted in the plans' valuation reports is reported as an expense, as adjusted for deferred inflows and outflows of resources.</p>		
		(1,694,913)
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		<u>(548,291)</u>
Change in net position of governmental activities		<u><u>\$ 13,683,228</u></u>

The notes to the financial statements are an integral part of this statement.

*Page Intentionally Left Blank*



*Notes to Financial Statements*

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

### A. General

The Midpeninsula Regional Open Space District (the District) was formed in 1972 to acquire and preserve public open space land in northern and western portions of Santa Clara County. In June 1976, the southern and eastern portions of San Mateo County were annexed to the District. The District annexed a small portion of the northern tip of Santa Cruz County in 1992. In September 2004, the District completed the Coastside Protection Program, which extended the District boundaries to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo/Santa Cruz County line.

### B. Accounting Principles

The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

### C. Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the Midpeninsula Regional Open Space District and its component unit. The component unit discussed in the following paragraph is included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

**Blended Component Unit.** The District and the County of Santa Clara entered into a joint exercise of powers agreement dated May 1, 1996, creating the Midpeninsula Regional Open Space District Financing Authority (the Authority), pursuant to the California Government Code. The District is financially accountable for the Authority, as it appoints a voting majority of the governing board; is able to impose its will in the Authority; and the Authority provides specific financial benefits to, and imposes specific financial burdens on, the District. The Authority was formed for the sole purpose of providing financing assistance to the District to fund the acquisition of land to preserve and use as open space. As such, the Authority is an integral part of the District, and accordingly, all of the Authority's activity is blended within the accompanying debt service fund.

### D. Basis of Presentation

#### **Government-wide Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

## **Fund Financial Statements:**

Fund financial statements report detailed information about the District. The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities and deferred inflows are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

### E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

#### Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal period in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal period or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal period. For the District, "available" means collectible within the current period or within 90 days after period-end.

Non-exchange transactions, in which the District receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal period for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are to be used or the fiscal period when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

## Deferred Outflows/Deferred Inflows:

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portions of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to benefit plans. In addition, when an asset is recorded in governmental fund financial statements but the revenue is not available, a deferred inflow of resources is reported until such time as the revenue becomes available.

## Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned revenue.

## Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

## F. Fund Accounting

The accounts of the District are organized into four funds with a separate set of self-balancing accounts that comprise of the District's assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The District may also select other funds it believes should be presented as major funds.

The District reported all of its funds as major governmental funds in the accompanying financial statements:

**General Fund.** The General Fund is the general operating fund of the District. It is used to account for all financial resources. The major revenue sources for this fund are property taxes, grant revenues and interest income. Expenditures are made for land preservation and other operating expenditures.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

**Measure AA Capital Projects Fund.** The Measure AA Capital Projects Fund is used to account for resources from bond proceeds and expenditures for capital projects related to the Measure AA GO Bond.

**GF Capital Projects Fund.** GF Capital Projects Fund is used to account for expenditures for capital projects not related to any other capital projects funds.

**Debt Service Fund.** The Debt Service Fund is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs. Resources are provided by General Fund transfers and interest income on unspent funds.

## G. Budgets and Budgetary Accounting

The District's Board of Directors adopts an annual operating budget for the District by major fund, on or before June 30, for the ensuing fiscal period. The Board of Directors may amend the budget by resolution during the fiscal period. The legal level of control, the level at which expenditures may not legally exceed the budget, is at the category level.

## H. Assets, Liabilities, and Equity

### 1. Cash and Cash Equivalents

The District's cash deposits are considered to be cash on hand and cash in banks. Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

### 2. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

### 3. Prepaid Expenditures

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure during the benefiting period.

### 4. Capital Assets

Capital assets, which include land, buildings and improvements, furniture, equipment, and construction in progress, are reported in the government-wide financial statements. Capital assets are valued at cost when historical records are available and at an estimated historical cost when no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. Donated works of art and similar items and capital assets received in service concession arrangements are reported at acquisition value. The District utilizes a capitalization threshold of \$1 for land, \$25,000 for equipment, fixtures and vehicles, \$50,000 for infrastructure, improvements, buildings and structures.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structures/Improvements	50
Public Access Infrastructure	20 - 50
Equipment/Fixtures	5 - 20
Vehicles	5
Software	5 - 10

### 5. Compensated Absences

In accordance with the District's memorandum of understanding with various employee groups, employees accrue fifteen days of vacation during the first nine years of service, twenty days between service years 10 and fourteen, twenty-one days between service years fifteen and nineteen, twenty-three days between service years twenty and twenty-four, and twenty-five days after twenty-five years of service. An employee may accumulate vacation time earned to a maximum of two times the amount of his/her annual vacation accrual.



# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

Full-time employees accrue twelve days of sick leave: annually from the date of employment. An employee may accumulate sick leave time earned on an unlimited basis. Upon resignation, separation from service, or retirement from District employment, workers in good standing with ten or more years of District employment shall receive a cash payment of the equivalent cash value of accrued sick leave as follows:

Years of Employment	Percentage of equivalent cash value of accrued sick leave
15-20	20%
16-20	25%
21 or more	30%

An employee hired before June 30, 2006, who retires from the District shall receive a cash payment of the percentage of equivalent cash value or accrued sick leave based on years of employment as described above, and apply the remainder of the equivalent cash value toward his/her cost of retiree medical plan premiums and/or other qualified medical expenses. Upon retirement, the amount qualified and designated for retiree medical costs shall be deposited in the Retiree Health Savings (RHS) plan, set up by the District. The cost for maintaining the retiree's RHS account and the annual fee for the reimbursement process of qualified medical expenses will be paid for by the retiree.

An employee hired on or after July 1, 2006, who retires from the District may elect to receive only a cash payment of the percentage of equivalent cash value of accrued sick leave based on years of employment as described above. In all cases the equivalent cash value of accrued sick leave will be based on current rate of pay as of the date of separation from District employment.

The District accrues for all salary-related items in the government-wide statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Compensated absences are liquidated by the fund that has recorded the related liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

## 6. Long-Term/Noncurrent Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

## 7. Debt Discount and Issuance Costs

Debt discounts, premiums, and prepaid issuance costs are capitalized as an offset to long-term debt and amortized using the straight line method over the life of the related debt. Issuance costs for the District's tax-exempt commercial paper short-term borrowings are expensed as incurred.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

## 8. Fund Balance Classifications

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- *Nonspendable* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- *Restricted* fund balance includes amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* fund balances includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at period-end. Committed fund balances are imposed by the District's Committed fund balances were imposed by the District's Board of Directors resolution. Any changes to committed fund balance requires the approval of two-thirds of the Board.

Committed fund balances were imposed by the District's Board of Directors as follows:

- Infrastructure: \$44 million; projected minimum requirement for expansion of field and office facilities over the next five years.
  - Equipment Replacement: \$3 million; projected requirement for equipment and vehicle replacement based on the amount of accumulated depreciation recorded on capital assets in service.
  - Natural Disasters: \$3 million; amounts committed to respond quickly to a major fire, earthquake or flood.
  - Future acquisitions and capital projects: \$3 million; amounts committed to reserve for future capital acquisitions.
  - Capital maintenance: \$2 million; amounts committed to reserve for future capital repairs and maintenance.
  - Promissory Note: \$0.3 million; amounts committed to payment of promissory note.
- *Assigned* fund balance includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the General Manager, pursuant to Board Policy 3.07, if authorized by the Board of Directors to make such designations.
  - *Unassigned* fund balance includes positive amounts within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

## 9. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

*Unrestricted net position* reflect amounts that are not subject to any donor-imposed restrictions. This class also includes restricted contributions whose donor-imposed restrictions were met during the fiscal period. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

## 10. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (GASB Statement No. 68) requires that the reported results pertain to liability and asset information within certain defined timeframes. Liabilities are based on the results of actuarial calculations performed as of June 30, 2016. For this report, the following timeframes are used for the District's pension plans:

Valuation Date (VD) ..... June 30, 2016  
Measurement Date (MD) ..... June 30, 2017  
Measurement Period (MP) ..... June 30, 2016 to June 30, 2017

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

## 11. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## 12. Property Taxes

The District receives property tax revenue from Santa Clara and San Mateo Counties (the Counties). The Counties are responsible for assessing, collecting and distributing property taxes in accordance with state law. Secured property taxes are recorded as revenue when apportioned, in the fiscal period of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year. Taxes are levied annually on July 1st, and one-half are due by November 1st and one-half by February 1st. Taxes are delinquent after December 10th and April 10th, respectively. Supplemental property taxes are levied on a pro-rata basis when changes in assessed valuation occur due to the completion of construction or sales transactions. Liens on real property are established on January 15th for the ensuing fiscal period.

On June 30, 1993, the Board of Supervisors adopted the "Teeter" method of property tax allocation. This method allocates property taxes based on the total property tax billed. At year-end, the Counties advances cash to each taxing jurisdiction equal to its current year delinquent taxes. Once the delinquent taxes are collected, the revenue from penalties and interest remains with each County and is used to pay the interest cost of borrowing the cash used for the advances.

## 13. Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### I. Implemented New Accounting Pronouncements

**GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.** - The provisions in Statement 75 are effective for the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial*

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

*Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

As of June 30, 2018, according to GASB 75, the District's net OPEB liability must be recognized. Therefore, the previous net OPEB liability as of June 30, 2017 in the amount of \$1,898,023 has been shown as a restatement of net position on the Statement of Activities as a separate line item.

**GASB Statement No. 86, *Certain Debt Extinguishment Issues*.** - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged.

This statement did not have an impact on the District's financial statements.

## J. Upcoming Accounting and Reporting Changes

**GASB Statement No. 83, *Certain Asset Retirement Obligations*.** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government

## Midpeninsula Regional Open Space District

### Notes to the Basic Financial Statements

June 30, 2018

---

that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

**GASB Statement No. 84, *Fiduciary Activities*.** - The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

**GASB issued Statement No. 87, *Leases*.** - The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the District's fiscal year ending June 30, 2021.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

**GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*.** - This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

**GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of the Construction Period.** - This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged.

The District doesn't believe this statement will have a significant impact on the District's financial statements.

## NOTE 2 - CASH AND INVESTMENTS

### Summary of Cash and Investments

The following summarizes deposits as of June 30, 2018:

Cash and Investments	Cash and Cash Equivalents Available		
	for Operations	Restricted	Total
<b>Cash Deposits:</b>			
Cash in Banks	\$ 153,745	\$ 45,000	\$ 198,745
Petty Cash	1,500	-	1,500
<b>Total Cash Deposits</b>	<b>155,245</b>	<b>45,000</b>	<b>200,245</b>
<b>Investments:</b>			
California Local Agency Investment Fund	364,810	-	364,810
CalTRUST	-	1,541,018	1,541,018
Brokerage Accounts/Cash with Fiscal Agents	16,827,082	62,308,237	79,135,319
Santa Clara County Pool	49,236,144	2,073,806	51,309,950
<b>Total Investments</b>	<b>66,428,036</b>	<b>65,923,061</b>	<b>132,351,097</b>
<b>Total Cash and Investments</b>	<b>\$ 66,583,281</b>	<b>\$ 65,968,061</b>	<b>\$ 132,551,342</b>

### Cash in Banks

Cash balances in banks are insured up to \$250,000 per insured bank by the Federal Deposit Insurance Corporation ("FDIC"). The District's accounts are held with various banks. As of June 30, 2018, the District's bank balances exceeded FDIC coverage by \$295,436.

# Midpeninsula Regional Open Space District

## Notes to the Basic Financial Statements

June 30, 2018

### Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The District has the following investments with recurring fair value measurements as of June 30, 2018:

Investment Type	Rating	Fair Value	Input Level	Maturities				Concentrations
				12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months	
Money Market Accounts	n/a	\$ 2,862,722	n/a	\$ 2,862,722	\$ -	\$ -	\$ -	2.16%
Mutual Funds	n/a	-	Level 2	-	-	-	-	0.00%
Municipal Bonds	AAA/A-	14,434,065	Level 2	3,468,263	2,812,818	6,892,840	1,260,144	10.91%
Corp/Gov Bonds	AAA/A-	46,486,163	Level 1	17,035,248	13,480,269	15,970,646	-	35.12%
LAIF	n/a	364,810	Level 2	364,810	-	-	-	0.28%
CalTrust	A+f	1,541,018	Level 2	-	-	1,541,018	-	1.16%
Santa Clara County Pool	n/a	51,309,950	Level 2	25,931,443	12,111,863	13,266,644	-	38.77%
U.S. Obligations	AA+/A-	15,352,369	Level 1	2,498,624	9,765,007	3,088,738	-	11.60%
<b>Total Investments</b>		<b>\$ 132,351,097</b>		<b>\$ 52,161,110</b>	<b>\$ 38,169,957</b>	<b>\$ 40,759,886</b>	<b>\$ 1,260,144</b>	<b>100.00%</b>

### Cash in Santa Clara County Treasury

Santa Clara County is a fiscal agent of the District. The fair value of the District's investment in the county pool is reported at amounts based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized costs basis. Santa Clara County investment pool funds were available for withdrawal on demand and had an average maturity date of less than one year.

All cash and investments are stated at fair value. Pooled investment earnings are allocated monthly based on the average cash and investment balances of the various funds of the County.

### California Local Agency Investment Fund

The District is a participant in the Local Agency investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity date of less than one year.



## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

### **Investment Trust of California**

The District is a participant in the Investment Trust of California (CalTRUST) which is a California joint powers authority that has been established by its members pursuant to an agreement. The California Government Code provides that Public Agencies may purchase shares of beneficial interest issues by a joint powers authority, such as CalTRUST, organized pursuant to the Section 6500 of the Act. The District reports its investment in CalTRUST at the fair value amount provided by CalTRUST. The District participates in the Medium-Term Fund with CalTRUST. The balance in this Medium-Term Fund is available for withdrawal once a week (on Wednesdays), and is based on the net asset value per share on the Wednesday of each week. Included in CalTRUST's investment portfolio for the Medium-Term Fund are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity date of 1.5 to 3.5 years.

### **Investments Authorized by Debt Agreements**

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are used if the District fails to meet its obligations under these debt issues.

### **Restricted for Debt Service**

As of June 30, 2018, the District had \$3,711,506 held by Zions bank as trustee, pledged to the payment or security of its outstanding bond issues. The District also had money held by the Bank of New York during the period (zero balance at period-end) which was pledged to the payment or security of its outstanding bonds. All transactions associated with debt service were administered by the Bank.

### **Cash Restricted for Hawthorne Property Maintenance**

On November 10, 2011, the District received the gift of the 79 acre Hawthorne property, in Portola Valley, California, and an endowment of \$2,018,445 to manage the property in perpetuity. The cash balance restricted for this purpose at June 30, 2018 was \$1,466,982.

# Midpeninsula Regional Open Space District

## Notes to the Basic Financial Statements

June 30, 2018

### Policies and Practices

The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District's Investment Policy where it is more restrictive:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
Medium Term Notes	5 years	30%	No Limit
Money Market and Mutual Funds	N/A	20%	10%
U.S. Treasury Obligations	5 years	No Limit	No Limit
Federal Agency Securities	5 years	No Limit	No Limit
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	No Limit
Repurchase Agreements	1 year	No Limit	No Limit
Reverse Repurchase Agreements	92 days	20%	No Limit
Local Agency Investment Fund (LAIF)	N/A	\$40 million per account	No Limit

#### a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the Santa Clara County investment pool and LAIF, which had fair values of approximately \$7.5 billion and \$90 billion, respectively as of June 30, 2018, and diversifying its investments, as noted above, through the utilization of brokers.

#### b) Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the County's investment pool is governed by the County's general investment policy. The County's investments in 2018 included U.S. government securities or obligations explicitly guaranteed by the U.S. government that are not considered to have credit risk exposure. See the schedule above for a summary of the District's ratings by investment type.

#### c) Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by

# Midpeninsula Regional Open Space District

## Notes to the Basic Financial Statements

June 30, 2018

pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

### d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The District's investment in the County's commingled pool is diversified by the County Treasurer by limiting the percentage of the portfolio that can be invested in any one issuer's name. Investments in U.S. Treasuries, U.S. Agency securities explicitly backed by the U.S., and mutual and pooled funds are not subject to this limitation.

More than 5% of the County's commingled pooled investments are invested with the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank.

### NOTE 3 - INTERFUND TRANSACTIONS

#### Interfund Receivables and Payables

Interfund transactions are reported as loans or transfers. The District utilizes interfund transactions to account for funding received by the General Fund which is then distributed to the other funds for special uses, such as payment of debt or capital project and to supplement other funding sources. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation.

The following interfund loans were outstanding at fiscal year end June 30, 2018:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 5,119,189	\$ 1,654,787
Measure AA Capital Projects Fund	1,285,387	3,425,015
GF Capital Projects Fund	674,707	2,005,333
Debt Service Fund	5,852	-
Total	<u>\$ 7,085,135</u>	<u>\$ 7,085,135</u>

At June 30, 2018, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 9,409,095
Debt Service Fund	9,409,095	-
Total	<u>\$ 9,409,095</u>	<u>\$ 9,409,095</u>

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

### NOTE 4 - NOTES RECEIVABLE

On December 17, 1997, the District sold the title to and possession of a 50-year fee determinable estate 10-acre parcel near the Skyline Ridge Open Space Preserve. The District financed the purchase in the amount of \$288,800 over 25 years at a rate of 10% per annum. Monthly principal and interest payments of \$2,634 are due on the 1st of each month and late if not paid by the 10th, with the final payment scheduled December 1, 2022. The outstanding balance at June 30, 2018 was \$115,248.

### NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the period ended June 30, 2018 is shown below:

Capital Assets	Balance June 30, 2017	Additions	Deletions/ Adjustments	Balance June 30, 2018
<b>Non-depreciable:</b>				
Land	\$ 407,986,151	\$ 6,561,290	\$ -	\$ 414,547,441
Construction in Progress	19,020,245	9,051,138	(19,475,086)	8,596,297
<b>Total Non-Depreciable</b>	<b>427,006,396</b>	<b>15,612,428</b>	<b>(19,475,086)</b>	<b>423,143,738</b>
<b>Depreciable:</b>				
Structure and Improvements	15,604,717	1,039,891	-	16,644,608
Infrastructure	13,433,155	19,207,013	-	32,640,168
Equipment	1,993,815	339,642	-	2,333,457
Vehicles	4,509,308	687,553	(189,083)	5,007,778
<b>Total Depreciable</b>	<b>35,540,995</b>	<b>21,274,099</b>	<b>(189,083)</b>	<b>56,626,011</b>
<b>Less Accumulated Depreciation for:</b>				
Structure and Improvements	(8,889,420)	(435,131)	-	(9,324,551)
Infrastructure	(2,958,829)	(1,169,255)	-	(4,128,084)
Equipment	(1,189,263)	(154,643)	-	(1,343,906)
Vehicles	(2,376,040)	(639,865)	162,530	(2,853,375)
<b>Total Accumulated Depreciation</b>	<b>(15,413,552)</b>	<b>(2,398,894)</b>	<b>162,530</b>	<b>(17,649,916)</b>
<b>Total Depreciable Capital Assets - Net</b>	<b>20,127,443</b>	<b>18,875,205</b>	<b>(26,553)</b>	<b>38,976,095</b>
<b>Total Capital Assets - Net</b>	<b>\$ 447,133,839</b>	<b>\$ 34,487,633</b>	<b>\$(19,501,639)</b>	<b>\$ 462,119,833</b>

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

### NOTE 6 - LONG-TERM DEBT

The following is a summary of the changes in long-term debt for the period ended June 30, 2018:

Long-term Obligations	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Promissory Notes:</b>					
Current Interest	\$ 38,171,066	\$ -	\$ 12,731,067	\$ 25,439,999	\$ 1,200,000
Capital Appreciation	15,474,708	-	8,894,106	6,580,602	-
Accreted interest	5,114,953	457,204	3,126,240	2,445,917	-
Unamortized Bond Premium	6,334,537	-	1,031,779	5,302,758	-
<b>Subtotal Promissory Notes</b>	<b>65,095,264</b>	<b>457,204</b>	<b>25,783,192</b>	<b>39,769,276</b>	<b>1,200,000</b>
<b>Bonds:</b>					
Current Interest	102,715,000	86,245,000	4,590,000	184,370,000	5,280,000
Unamortized Bond Premium	14,140,465	8,245,739	850,288	21,535,916	-
<b>Subtotal Bonds</b>	<b>116,855,465</b>	<b>94,490,739</b>	<b>5,440,288</b>	<b>205,905,916</b>	<b>5,280,000</b>
Net Pension Obligation	10,121,906	900,918	-	11,022,824	-
Net OPEB	-	1,845,000	-	1,845,000	-
Compensated Absences	1,817,547	1,314,930	1,408,547	1,723,930	1,723,930
<b>Total Long-term Obligations</b>	<b>\$ 193,890,182</b>	<b>\$ 99,008,791</b>	<b>\$ 32,632,027</b>	<b>\$ 260,266,946</b>	<b>\$ 8,203,930</b>

#### Promissory Notes

##### *Daloia Land Purchase Contract Promissory Note*

During the fiscal year ending 2003 the District entered into a land purchase contract promissory note in the amount of \$240,000. The promissory note bears interest at a fixed rate of 6.25% and matured October 10, 2017.

##### *Hunt Living Trust Promissory Note*

On April 1, 2003, the District entered into a \$1,500,000 promissory note with the Hunt Living Trust as part of a lease and management agreement. The note is due in full on April 1, 2023 and bears interest at 5.5% semi-annually through April 1, 2013 and 5.0% per annum until the maturity, or prior redemption, of the note.

##### *2012 Refunding Promissory Notes*

On January 19, 2012, the District advance refunded \$34,652,643 in 1999 lease revenue bonds by issuing \$31,264,707 in promissory notes. The 2012 notes bear interest rates ranging from 2.00% to 6.04%. The notes are a blend of current interest and capital appreciation notes maturing through 2042. The net proceeds of \$33,295,663 (after payment of \$278,683 in underwriting fees, insurance, and other issuance costs and a premium of \$2,309,638) were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 Series bonds. As a result, the 1999 Series bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt in the financial statements. The 2012 Refunding Promissory Notes were partially defeased during fiscal year 2018 with issuance of the 2017 Refunding Bond as noted below.

# Midpeninsula Regional Open Space District

## Notes to the Basic Financial Statements

June 30, 2018

---

### *2015 Refunding Promissory Notes*

On January 22, 2015, the District advance refunded \$29,986,962 in 2004 Revenue Bonds by issuing \$28,578,500 in promissory notes. The 2015 notes bear interest rates ranging from 2.00% to 5.00%. The notes are current interest notes maturing through 2035. The net proceeds of \$28,325,491 (after payment of \$253,009 in underwriting fees, insurance, and other issuance costs and a premium of \$4,948,500) were used to purchase U.S government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 Revenue Bonds. As a result, the 2004 Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt in the financial statements.

### **Revenue and General Obligation Bonds**

#### *2011 Revenue Bonds*

On May 19, 2011, the Authority, on behalf of the District, issued \$20,500,000 of 2011 Revenue Bonds for the purpose of acquiring land to preserve and use as open space and pay bond issue and related costs. The Bonds are not general obligations. Each period, the District will appropriate revenues-mainly limited properly tax collections that Santa Clara County and San Mateo County allocate to the District – to pay its obligations under a Lease Agreement for use and occupancy of District land in addition to other District debt and lease obligations unrelated to this financing. The Current Interest Bonds bear interest at 2.0% to 6.0% and are due semi-annually on March 1 and September 1. Principal payments on the Current Interest Bonds are due annually September 1. This Bond was partially defeased during fiscal year 2017 with issuance of the 2016 Refunding Series A and B Green Bonds as noted below.

#### *2015A and 2015B General Obligation Bonds*

On July 29, 2015, the District issued \$40,000,000 of 2015A general obligation bonds and \$5,000,000 of 2015B federally taxable general obligation bonds to finance certain projects authorized by voters. The bonds bear interest from 1.5% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of \$2,559,224 with an underwriter's discount of \$107,599 and issuance costs of \$170,000.

#### *2016A and 2016B Refunding Green Bonds*

On September 8, 2016 the District issued \$54,490,000 of 2016 Refunding Series A and \$2,920,000 2016 Refunding Series B Green Bonds for the purpose of refunding its outstanding obligations under the 2007 Series A Revenue Refunding Bonds and prepay a portion of its obligations under the 2011 Lease Revenue Bonds. As a result, the 2007 Series A Revenue Refunding Bonds and the 2011 Lease Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,032,161, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2036 using the straight-line method. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$12,694,440.

The 2016 Refunding Green Bonds Series A bears interest from 2.0% to 5.0% and the Series B bears interest of 0.73%. Interest for both Series A and B are due semi-annually on March 1 and September 1.

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

Principal payments for Series A begins September 2017 and are due annually thereafter until September 2036. Series B has only one principal payment in September 2017.

### *2017 Series A Refunding Green Bonds*

On December 13, 2017 the District issued \$25,025,000 of 2017 Refunding Green Bonds for the purpose of partially refunding its outstanding obligations under the 2012 Refunding Promissory Notes. The proceeds of the 2017 Refunding Green Bonds, together with \$676,232 of other District funds, were used to defease and redeem \$11,605,000 principal amount of the District's outstanding 2012 Current Interest Notes and \$8,894,106 initial principal of the District's outstanding 2012 Capital Appreciation Notes, collectively, the 2012 Refunding Promissory Notes. The amounts defeased have been removed from the government-wide financial statement of net position.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,113,597, which is reported as a deferred outflow on the government-wide statement of net position. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2033 using the straight-line method. The District completed the refunding to obtain an economic gain (difference between the present value of the old and the new debt service payments) of \$8,882,524.

The 2017 Refunding Green Bonds bears interest from 3.125% to 5.0%. Interest is due semi-annually on March 1 and September 1. Principal payments begin September 2025 and are due annually thereafter until September 2037.

### *2017 Series B Parity Bonds*

On December 13, 2017, the District issued \$11,220,000 of 2017 parity bonds to finance portion of the cost of acquiring and improving staffing facilities for use by the District. The bonds bear interest of 5% and are due semi-annually on June 30 and December 30. The bonds were issued at a premium of \$1,413,434 and issuance costs of \$133,434.

### *2018 General Obligation Bonds*

On February 1, 2018, the District issued \$50,000,000 of 2018 general obligation bonds to finance 25 projects specified in Measure AA. The bonds bear interest from 2% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of \$3,691,291 with an issuance costs of \$455,462.

## Midpeninsula Regional Open Space District

### Notes to the Basic Financial Statements

June 30, 2018

The following schedule summarizes the District's outstanding promissory notes and bonds as of June 30, 2018:

Long Term Debt	Original Issue	Beginning Balance	Additions	Retirements	Ending Balance
<b>Promissory Notes:</b>					
Daloia Note	\$ 240,000	\$ 11,067	\$ -	\$ 11,067	\$ -
Hunt Note	1,500,000	1,500,000	-	-	1,500,000
2012 Refunding Note Current Int.	15,790,000	14,109,999	-	11,985,000	2,124,999
2012 Refunding Note Cap Apprec.	15,474,708	15,474,708	-	8,894,106	6,580,602
2015 Refunding Note	23,630,000	22,550,000	-	735,000	21,815,000
<b>Subtotal Promissory Notes</b>	<b>56,634,708</b>	<b>53,645,774</b>	<b>-</b>	<b>21,625,173</b>	<b>32,020,601</b>
<b>Bonds:</b>					
2011 Lease Revenue	20,500,000	1,080,000	-	150,000	930,000
2015A General Obligation Bonds	40,000,000	40,000,000	-	-	40,000,000
2015B General Obligation Bonds	5,000,000	4,225,000	-	875,000	3,350,000
2016 Refunding Bond	57,410,000	57,410,000	-	3,565,000	53,845,000
2017 Refunding Bond	25,025,000	-	25,025,000	-	25,025,000
2017 Parity Bond	11,220,000	-	11,220,000	-	11,220,000
2018 General Obligation Bonds	50,000,000	-	50,000,000	-	50,000,000
<b>Subtotal Bonds</b>	<b>209,155,000</b>	<b>102,715,000</b>	<b>86,245,000</b>	<b>4,590,000</b>	<b>184,370,000</b>
<b>Accreted Interest:</b>					
2012 Refunding Note		5,114,953	457,204	3,126,240	2,445,917
<b>Subtotal Accreted Interest</b>		<b>5,114,953</b>	<b>457,204</b>	<b>3,126,240</b>	<b>2,445,917</b>
<b>Unamortized Bond Premium</b>		<b>20,475,002</b>	<b>8,245,739</b>	<b>1,882,067</b>	<b>26,838,674</b>
Total Long Term Debt	\$ 265,789,708	\$ 181,950,729	\$ 94,947,943	\$ 31,223,480	\$ 245,675,192

The promissory notes future debt service requirements as of June 30, 2018 were as follows:

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
2019	\$ 1,200,000	\$ -	\$ 1,194,875	\$ 2,394,875
2020	1,285,000	-	1,136,775	2,421,775
2021	1,370,000	-	1,084,025	2,454,025
2022	1,445,000	-	1,029,625	2,474,625
2023	3,040,000	-	963,950	4,003,950
2024-2028	6,495,000	-	3,496,875	9,991,875
2029-2033	12,951,057	7,108,082	1,694,125	21,753,264
2034-2038	4,234,544	2,400,400	142,750	6,777,694
Total Debt Service	\$ 32,020,601	\$ 9,508,482	\$ 10,743,000	\$ 52,272,083



## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

The bonds future debt service requirements as of June 30, 2018 were as follows:

Year Ending June 30,	Principal	Remaining Accretion	Interest	Total
2019	\$ 5,280,000	\$ -	\$ 7,996,117	\$ 13,276,117
2020	7,830,000	-	7,417,788	15,247,788
2021	7,025,000	-	7,161,901	14,186,901
2022	6,675,000	-	6,895,263	13,570,263
2023	6,990,000	-	6,589,537	13,579,537
2024-2028	40,580,000	-	27,230,790	67,810,790
2029-2033	25,970,000	-	18,586,245	44,556,245
2034-2038	41,445,000	-	12,814,639	54,259,639
2039-2043	20,960,000	-	6,400,600	27,360,600
2044-2048	18,975,000	-	2,181,300	21,156,300
2049-2053	2,640,000	-	52,800	2,692,800
Total Debt Service	<u>\$184,370,000</u>	<u>\$ -</u>	<u>\$103,326,980</u>	<u>\$287,696,980</u>

Amortization of the deferred loss on early retirement of long-term debt for the fiscal period ended June 30, 2018 was as follows:

Beginning Balance	\$ 6,976,997
Addition	4,113,597
Amortization	(849,771)
Ending Balance	<u>\$10,240,823</u>

### NOTE 7 - RENTAL INCOME

The District rents certain land and structures to other entities under operating leases with terms generally on a month-to-month basis. Rental income of \$1,211,878 was received during the period ended June 30, 2018.

### NOTE 8 - CALPERS PENSION PLAN

#### Pension Plan

##### *General Information about the Pension Plans*

**Plan Description** - The District provides benefits to eligible employees through cost-sharing multiple employer defined benefit pension plans (the Plan(s)) administered by the California Public Employees' Retirement System (CalPERS). Members of the Plan include all permanent employees working full-time. Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

members are eligible for non-industrial disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<b>Miscellaneous</b>	
	Tier 1	PEPRA
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	10.110%	6.533%

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Active	141
Transferred	50
Separated	67
Retired	70
Total	328

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2018, the District contributed \$2,283,789 to the plan.

### *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<b>Proportionate Share of Net Pension Liability/(Asset)</b>
Miscellaneous	\$ 11,022,824

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

as of June 30, 2016 using standard procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions in to the pension plan relative to the projected contributions of all participating employers, as actuarially determined. The District's proportionate share of the net pension liability for the Plan as of fiscal years June 30, 2017 and 2018 was as follows:

	<b>Miscellaneous</b>
Proportion - June 30, 2017	0.29137%
Proportion - June 30, 2018	0.27962%
Change - Increase/(Decrease)	-0.01175%

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$3,297,743. At fiscal year June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of Assumptions	\$ 2,365,101	\$ -
Differences between Expected and Actual Experience	-	275,001
Differences between Projected and Actual Investment Earnings	579,041	-
Differences between Employer's Contributions and Proportionate Share of Contributions	1,924,035	-
Change in Employer's Proportion	-	1,058,998
Pension Contributions Made Subsequent to Measurement Date	2,283,789	-
<b>Total</b>	<b>\$ 7,151,966</b>	<b>\$ 1,333,999</b>

The District reported \$2,283,789 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b>Fiscal Year Ending June 30:</b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2019	\$ 1,275,768
2020	1,630,830
2021	971,367
2022	(343,787)
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 3,534,178</b>

# Midpeninsula Regional Open Space District

## Notes to the Basic Financial Statements

June 30, 2018

---

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

(1) Varies by age and service

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' membership data for all funds

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15 percent for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 19,462,398
1% Decrease	7.15%
Net Pension Liability	\$ 11,022,824
1% Increase	8.15%
Net Pension Liability	\$ 4,033,017

**Pension Plan Fiduciary Net Position** - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

# Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

## NOTE 9 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

**Plan Description** - The District joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit postemployment healthcare plan administered by CalPERS. See eligibility requirements below. Retiree benefit continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan. The OPEB plan's audited financial statements are available at <https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2017.pdf>.

**Benefits Provided** - The following is a summary of the plan benefits provided:

<b>Eligibility:</b>	Retire directly from the District under CalPER (age 50 and 5 years of service)
	Continue participation in PEMHCA
<b>Retiree Medical Benefit:</b>	District pays retiree medical premiums up to: - \$300/month effective 1/1/07 - \$350/month effective 1/1/09 Must be at least equal to statutory PEMHCA minimum (\$122 in 2015, \$125 in 2016)
<b>PEMHCA Administrative Fee:</b>	District pays CalPERS administrative fees (0.32% of premiums for 2015/16)
<b>Surviving Spouse Continuation:</b>	Retiree benefit continues to surviving spouse if retiree elects survivor annuity under CalPERS retirement plan

**Employees Covered by Benefit Terms** - At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	138
Inactive employees	31
<b>Total employees</b>	<u>169</u>

**Contributions** - The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions during the year were \$412,000. Total contributions included in the measurement period were \$513,000. The actuarially determined contribution for the measurement period was \$609,000. The District's contributions were 4.01% of payroll during the measurement period June 30, 2017 (reporting period June 30, 2018). Employees are not required to contribute to the plan.

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

**Actuarial Assumptions** - The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

<b>Valuation Date:</b>	June 30, 2017
<b>Measurement Date:</b>	June 30, 2017
<b>Actuarial Cost Method:</b>	Entry age normal, level percentage of payroll
<b>Amortization Period:</b>	10.2 years
<b>Asset Valuation Method:</b>	Investment gains and losses spread over 5 year rolling period
<b>Actuarial Assumptions:</b>	
<b>Discount Rate</b>	6.75%
<b>General Inflation</b>	2.75%
<b>Payroll Increases</b>	- Aggregate - 3%
	- Merit - CalPERS 1997-2015 experience study
<b>Medical Trend</b>	- Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	- Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
<b>PEMHCA Minimum Increases</b>	4.25%
<b>Mortality, Retirement, Disability, Termination</b>	CalPERS 1997-2015 experience study
<b>Mortality Improvement</b>	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2017
<b>Healthcare Participation for Future Retirees</b>	- Currently covered: 90%
	- Currently waived: 60%

**Discount Rate** - The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Long-Term Expected Rate of Return** - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	57.00%	4.820%
Fixed Income	27.00%	1.470%
TIPS	5.00%	1.290%
Commodities	3.00%	0.840%
REITs	8.00%	3.760%
<b>Total</b>	<b>100.00%</b>	<b>3.535%</b>

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

**Net OPEB Liability** - The District's net OPEB liability was measured as of June 30, 2017 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2018 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2018, for the measurement date of June 30, 2017:

<b>Fiscal Year Ended June 30, 2018 (Measurement Date June 30, 2017)</b>	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at June 30, 2017</b>	\$ 4,585,000	\$ 2,580,000	\$ 2,005,000
Service cost	313,000	-	313,000
Interest in Total OPEB Liability	326,000	-	326,000
Employer contributions	-	513,000	(513,000)
Employer implicit subsidy	-	-	-
Employee contributions	-	-	-
Balance of diff between actual and exp experience	-	-	-
Balance of diff between actual and exp earnings	-	-	-
Balance of changes in assumptions	-	-	-
Actual investment income	-	287,000	(287,000)
Administrative expenses	-	(1,000)	1,000
Benefit payments	(113,000)	(113,000)	-
Other	-	-	-
<b>Net changes</b>	<b>526,000</b>	<b>686,000</b>	<b>(160,000)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 5,111,000</b>	<b>\$ 3,266,000</b>	<b>\$ 1,845,000</b>

Covered Payroll at Measurement Date	\$ 12,802,887
Total OPEB Liability as a % of covered payroll	39.92%
Plan Fid. Net Position as a % of Total OPEB Liability	63.90%
Service cost as a % of covered payroll	2.44%
Net OPEB Liability as a % of covered payroll	14.41%

**Deferred Inflows and Outflows of Resources** - At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between actual and expected experience	\$ -	\$ -
Difference between actual and expected earnings	-	(82,400)
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	412,000	-
<b>Totals</b>	<b>\$ 412,000</b>	<b>\$ (82,400)</b>



## Midpeninsula Regional Open Space District

### Notes to the Basic Financial Statements

June 30, 2018

---

Of the total amount reported as deferred outflows of resources related to OPEB, \$412,000 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2019	\$	(20,600)
2020		(20,600)
2021		(20,600)
2022		(20,600)
2023		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b><u>(82,400)</u></b>

**OPEB Expense** - The following summarizes the OPEB expense by source during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Service cost	\$	313,000
Interest in TOL		326,000
Expected investment income		(184,000)
Other		-
Employee contributions		-
Difference between actual and expected experience		-
Difference between actual and expected earnings		(20,600)
Change in assumptions		-
Administrative expenses		1,000
<b>OPEB Expense</b>	<b>\$</b>	<b><u>435,400</u></b>

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2018, for the measurement date of June 30, 2017:

Net OPEB liability ending	\$	1,845,000
Net OPEB liability beginning		<u>(2,005,000)</u>
Change in net OPEB liability		(160,000)
Changes in deferred outflows		-
Changes in deferred inflows		82,400
Employer contributions		<u>513,000</u>
<b>OPEB Expense</b>	<b>\$</b>	<b><u>435,400</u></b>

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

**Sensitivity to Changes in the Discount Rate** - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

	Discount Rate		
	5.75%	6.75%	7.75%
	(1% Decrease )	(Current Rate)	(1% Increase )
Net OPEB Liability	\$ 2,619,000	\$ 1,845,000	\$ 1,212,000

**Sensitivity to Changes in the Healthcare Cost Trend Rates** - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

	Trend Rate		
	3.25%	4.25%	5.25%
	(1% Decrease )	(Current Rate)	(1% Increase )
Net OPEB Liability	\$ 1,646,000	\$ 1,845,000	\$ 2,109,000

### NOTE 10 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. Prior to July 1, 2002, the District managed and financed these risks by purchasing commercial insurance. On July 1, 2002, the District joined the California Joint Powers Insurance Authority (CAL JPIA). CAL JPIA is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of CAL JPIA is to arrange and administer programs for the pooling of self-insurance losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. CAL JPIA's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine member Executive Committee.

During the past three fiscal periods, none of the programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior period.

#### **Self-Insurance Programs of the CAL JPIA**

##### *General and Automobile Liability*

Each government member pays a primary deposit to cover estimated losses for a fiscal year (claims year). General liability (GL) coverage includes bodily injury, personal injury, or property damage to a third party resulting from a member activity. The GL program also provides automobile liability coverage. Six months after the close of a fiscal period, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 to \$750,000 are pooled based on member's share of costs under \$30,000; costs in excess of \$750,000 are shared by the members based upon each individual member's payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence, up to \$50,000,000.

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

### *Worker's Compensation*

The District also participates in the Worker's Compensation program administered by CAL JPIA. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The District is charged for the first \$50,000 of each claim. Costs from \$50,000 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,000 and \$2,000,000 per claim are pooled based on payroll. Costs from \$2,000,000 to \$5,000,000 are paid by excess insurance purchased by CAL JPIA. The excess insurance provides coverage to statutory limits.

### **Purchased Insurance**

#### *Environmental Insurance*

The District participates in the Pollution and Remediation Legal Liability Program, which is available through CAL JPIA. The policy provides coverage for both first and third party damages, including certain types of cleanups; fuel spill or hazmat incidents; member listed non-owned disposal sites; above ground and underground storage tanks; and for sudden and gradual pollution at or from property, streets, sanitary sewer trunk lines and storm drain outfalls owned by the District. Coverage is on a claims-made basis. There is a \$50,000 deductible. CAL JPIA has a limit of \$50,000,000 for the three-year coverage period. The current coverage period is July 2017 through July 1, 2020. Each member of CAL JPIA has a \$10,000,000 aggregate limit during the three-year period. The current coverage period is July 2017 through July 1, 2020.

#### *Property Insurance*

The District participates in the All-Risk property program of CAL JPIA which includes all-risk coverage for real and personal property (such as scheduled buildings, office furniture, equipment, vehicles, etc). This insurance is underwritten by several insurance companies. Property is currently insured according to a schedule of covered property submitted by the District to CAL JPIA. The All-Risk deductible is \$5,000 per occurrence; \$1,000 for non-emergency vehicles. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

#### *Boiler & Machinery Insurance*

The District participates in the optional coverage for boiler and machinery, which is purchased separately under the property program. Coverage is for physical damage for sudden and accidental breakdown of boilers and machinery, and electrical injury. There is a \$5,000 per accident or occurrence deductible.

#### *Crime Insurance*

The District participates in the crime program of CAL JPIA in the amount of \$1,000,000 per claim, with a \$2,500 per occurrence deductible. Insurance provides coverage for employee dishonesty, failure to faithfully perform duties, forgery, counterfeiting, theft, robbery, burglary, and computer fraud. Premiums are paid annually and are not subject to retroactive adjustments.

#### *Special Event Tenant User Liability Insurance*

The District participates in the special events program of CAL JPIA which provides liability insurance when District premises are used for special events. The insurance premium is paid by the tenant user to

## Midpeninsula Regional Open Space District

Notes to the Basic Financial Statements

June 30, 2018

---

the District according to a schedule. The District then pays the insurance arranged through CAL JPIA. There is no deductible and the District is added as additional insured. Liability limits are purchased in \$1 million per occurrence increments.

### *Vendors/Contractors Program*

General liability coverage with or without professional liability is offered through CAL JPIA to vendors/contractors who otherwise could not meet the District's minimum insurance requirement: \$1 million per occurrence, \$2 million in aggregate.

### *Cyber Liability Program*

The cyber liability program is partially covered under the liability program, and partially held through a stand-alone coverage program. Cyber liability provides coverage for both first- and third-party claims. First party coverage includes privacy, regulatory claims, security breach response, business income loss, dependent business income loss, digital asset restoration costs, and cyber-extortion threats, while third-party coverage includes privacy liability, network security liability, and multimedia liability. Members work directly with the reinsurer to investigate and respond to claims. There is a \$1 million per occurrence limit of coverage, \$1 million aggregate limit per policy period per member, and a \$10 million aggregate limit of coverage for all members per policy period.

## **NOTE 11 - COMMITMENTS AND CONTINGENCIES**

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2018.

## **NOTE 12 - SUBSEQUENT EVENTS**

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.



*Required Supplementary Information*

*Page Intentionally Left Blank*

## **REQUIRED SUPPLEMENTARY INFORMATION**

### **BUDGETARY SCHEDULES**

This schedule presents a comparison of the original budget, final budget and actual revenues and expenditures for General Fund. The schedule presents the difference between the final budget and actuals.

### **PENSION SCHEDULES**

These schedules present information that shows the District's proportionate share of the pension liability in the cost sharing pools, actuarial information, and contributions. The proportionate share information is useful in determining the District's liability on relation to all other entities in the pool.

### **POSTEMPLOYMENT BENEFIT SCHEDULES**

These schedules present information that shows the District's total other postemployment benefits (OPEB), plan fiduciary net position, and contributions related to retiree healthcare benefits provided by the District.

**Midpeninsula Regional Open Space District**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual (GAAP)  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 44,839,000	\$ 45,403,688	\$ 45,347,807	\$ (55,881)
Grant income	191,000	191,000	553,281	362,281
Property management	1,197,092	1,197,092	1,576,379	379,287
Investment earnings	636,000	820,000	853,729	33,729
Other revenues	464,501	464,501	347,983	(116,518)
	47,327,593	48,076,281	48,679,179	602,898
Expenditures:				
Current				
Salaries and employee benefits	21,923,124	21,974,034	19,983,975	1,990,059
Services and supplies	9,702,951	9,809,954	7,475,205	2,334,749
Capital outlay	84,000	43,000	-	43,000
	31,710,075	31,826,988	27,459,180	4,367,808
Excess (deficiency) of revenues over (under) expenditures	15,617,518	16,249,293	21,219,999	4,970,706
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(9,409,095)	(9,409,095)
Total other financing sources (uses)	-	-	(9,409,095)	(9,409,095)
Net change in fund balance	15,617,518	16,249,293	11,810,904	(4,438,389)
Fund balance beginning	61,298,583	61,298,583	61,298,583	-
Fund balance ending	\$ 76,916,101	\$ 77,547,876	\$ 73,109,487	\$ (4,438,389)

The notes to the financial statements are an integral part of this statement.



**Midpeninsula Regional Open Space District**  
Schedule of Pension Plan Contributions  
June 30, 2018

<b>Miscellaneous Plan</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Plan Measurement Date				
Fiscal Year Ended	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contributions	\$ 1,763,650	\$ 1,514,352	\$ 1,358,520	\$ 1,461,069
Contributions in Relation to Contractually Required Contributions	2,283,789	2,529,862	4,788,977	1,343,244
<b>Contribution Deficiency (Excess)</b>	<b>\$ (520,139)</b>	<b>\$ (1,015,510)</b>	<b>\$ (3,430,457)</b>	<b>\$ 117,825</b>
<b>Covered Payroll (Fiscal Year)</b>	<b>\$ 12,802,887</b>	<b>\$ 11,834,150</b>	<b>\$ 9,862,578</b>	<b>\$ 8,994,979</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>17.84%</b>	<b>21.38%</b>	<b>48.56%</b>	<b>14.93%</b>

**Notes to Schedule:**

Valuation Date: June 30, 2016  
Assumptions Used: Entry Age Method used for Actuarial Cost Method  
Level Percentage of Payroll and Direct Rate Smoothing  
3.8 Years Remaining Amortization Period  
Inflation Assumed at 2.75%  
Investment Rate of Returns set at 7.5%  
CalPERS mortality table using 20 years of membership data for all funds

\*\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

**Midpeninsula Regional Open Space District**  
 Schedule of Net Pension Liability Proportionate Shares  
 June 30, 2018

---

<b>Miscellaneous Plan</b>				
Plan Measurement Date	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Fiscal Year Ended	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Proportion of Net Pension Liability	0.27962%	0.29137%	0.41627%	0.39847%
Proportionate Share of Net Pension Liability	\$ 11,022,824	\$ 10,121,906	\$ 11,420,126	\$ 9,848,203
Covered Payroll	\$ 11,834,150	\$ 9,862,578	\$ 8,994,979	\$ 8,448,635
<b>Proportionate Share of NPL as a % of Covered Payrol</b>	<b>93.14%</b>	<b>102.63%</b>	<b>126.96%</b>	<b>116.57%</b>
<b>Plan's Fiduciary Net Position as a % of the TPL</b>	<b>82.04%</b>	<b>80.93%</b>	<b>79.23%</b>	<b>83.64%</b>

\*\* Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

**Midpeninsula Regional Open Space District**  
Schedule of Contributions for Postemployment Benefits  
June 30, 2018

	<b>Fiscal Year Ended June 30, 2018</b>
Actuarially determined contribution (ADC)	\$ 609,000
Less: actual contribution in relation to ADC	(513,000)
Contribution deficiency (excess)	\$ 96,000
Covered payroll for the fiscal year 2017/18	\$ 12,802,887
Contributions as a percentage of covered payroll	4.01%

**Notes to Schedule:**

*Assumptions and Methods*

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2017
Actuarial Cost Method:	Entry age normal, level percentage of payroll
Amortization Period:	10.2 years
Asset Valuation Method:	Investment gains and losses spread over 5 year rolling
Actuarial Assumptions:	
Discount Rate	6.75%
General Inflation	2.75%
Payroll Increases	- Aggregate - 3%
	- Merit - CalPERS 1997-2015 experience study
Medical Trend	- Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	- Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	4.25%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2017
Healthcare Participation for Future Retirees	- Currently covered: 90%
	- Currently waived: 60%

*Other Notes*

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

## Midpeninsula Regional Open Space District

### Schedule of Changes in Total OPEB Liability

June 30, 2018

	<b>Fiscal Year Ended June 30, 2018</b>
<b>Total OPEB liability</b>	
Service cost	\$ 313,000
Interest	326,000
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(113,000)
Net change in Total OPEB Liability	526,000
Total OPEB Liability - beginning	4,585,000
Total OPEB Liability - ending	\$ 5,111,000
 <b>Plan fiduciary net position</b>	
Employer contributions	\$ 513,000
Employer implicit subsidy	-
Employee contributions	-
Net investment income	287,000
Difference between estimated and actual earnings	-
Benefit payments	(113,000)
Other	-
Administrative expense	(1,000)
Net change in plan fiduciary net position	686,000
Plan fiduciary net position - beginning	2,580,000
Plan fiduciary net position - ending	\$ 3,266,000
 Net OPEB liability	 \$ 1,845,000
 Plan fiduciary net position as a percentage of the total OPEB liability	  63.90%
 Covered employee payroll	 \$ 12,802,887
 Net OPEB Liability as a percentage of covered payroll	 14.41%
 Total OPEB Liability as a percentage of covered payroll	 39.92%

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.



*Supplementary Information*

*Page Intentionally Left Blank*

## **SUPPLEMENTARY INFORMATION**

### **BUDGETARY SCHEDULES**

These schedules present comparisons of the original budget, final budget and actual revenues and expenditures for major capital project funds and debt service funds. These schedules presents the difference between the final budget and actuals.

### **PROGRAM EXPENDITURES**

This schedule presents the program expenditures for the Measure AA Bond Program for the current year and the in total since the inception of the program.

**Midpeninsula Regional Open Space District**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual (GAAP)  
Measure AA Capital Projects Fund  
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Grant income	581,060	781,060	1,059,436	278,376
Property management	-	-	-	-
Investment earnings	-	160,000	102,684	(57,316)
Other revenues	-	-	-	-
Total revenues	581,060	941,060	1,162,120	221,060
Expenditures:				
Current				
Salaries and employee benefits	-	-	730,701	(730,701)
Services and supplies	140,100	140,100	24,468	115,632
Capital outlay	11,208,289	12,063,626	11,032,939	1,030,687
Debt service:				
Issuance cost	-	-	250,000	(250,000)
Total expenditures	11,348,389	12,203,726	12,038,108	165,618
Excess (deficiency) of revenues over (under) expenditures	(10,767,329)	(11,262,666)	(10,875,988)	386,678
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	50,000,000	50,000,000
Total other financing sources (uses)	-	-	50,000,000	50,000,000
Net change in fund balance	(10,767,329)	(11,262,666)	39,124,012	50,386,678
Fund balance beginning	7,344,797	7,344,797	7,344,797	-
Fund balance ending	\$ (3,422,532)	\$ (3,917,869)	\$ 46,468,809	\$ 50,386,678

The notes to the financial statements are an integral part of this statement.



**Midpeninsula Regional Open Space District**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual (GAAP)  
GF Capital Projects Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Grant income	236,000	236,000	-	(236,000)
Property management	-	-	-	-
Investment earnings	-	-	(37,855)	(37,855)
Other revenues	-	-	-	-
	<u>236,000</u>	<u>236,000</u>	<u>(37,855)</u>	<u>(273,855)</u>
<b>Expenditures:</b>				
Current				
Salaries and employee benefits	-	-	-	-
Services and supplies	615,700	95,150	11,251	83,899
Capital outlay	5,917,340	7,000,371	5,407,129	1,593,242
Debt service:				
Issuance cost	-	-	133,434	(133,434)
	<u>6,533,040</u>	<u>7,095,521</u>	<u>5,551,814</u>	<u>1,543,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,297,040)</u>	<u>(6,859,521)</u>	<u>(5,589,669)</u>	<u>1,269,852</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of debt	-	-	11,220,000	11,220,000
Premium from debt issuances	-	-	1,413,434	1,413,434
	<u>-</u>	<u>-</u>	<u>12,633,434</u>	<u>12,633,434</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>12,633,434</u>	<u>12,633,434</u>
Net change in fund balance	<u>(6,297,040)</u>	<u>(6,859,521)</u>	<u>7,043,765</u>	<u>13,903,286</u>
Fund balance beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance ending	<u><u>\$ (6,297,040)</u></u>	<u><u>\$ (6,859,521)</u></u>	<u><u>\$ 7,043,765</u></u>	<u><u>\$ 13,903,286</u></u>

The notes to the financial statements are an integral part of this statement.

**Midpeninsula Regional Open Space District**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual (GAAP)  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,960,000	\$ 2,400,000	\$ 2,450,542	\$ 50,542
Grant income	-	-	-	-
Property management	-	-	-	-
Investment earnings	472,000	465,000	145,635	(319,365)
Other revenues	-	-	-	-
<b>Total revenues</b>	<u>2,432,000</u>	<u>2,865,000</u>	<u>2,596,177</u>	<u>(268,823)</u>
Expenditures:				
Debt service:				
Principal	11,721,637	12,397,869	5,716,067	6,681,802
Advance refunding escrow	-	-	676,232	(676,232)
Interest	-	-	5,720,001	(5,720,001)
Issuance cost	-	-	493,496	(493,496)
<b>Total expenditures</b>	<u>11,721,637</u>	<u>12,397,869</u>	<u>12,605,796</u>	<u>(207,927)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,289,637)</u>	<u>(9,532,869)</u>	<u>(10,009,619)</u>	<u>(476,750)</u>
Other financing sources (uses):				
Transfers in	-	-	9,409,095	9,409,095
Transfers out	-	-	-	-
Payment to refunded bond escrow agent	-	-	(27,659,551)	(27,659,551)
Issuance of refunding bond	-	-	25,025,000	25,025,000
Premium from bond issuances	-	-	6,832,305	6,832,305
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>13,606,849</u>	<u>13,606,849</u>
Net change in fund balance	(9,289,637)	(9,532,869)	3,597,230	13,130,099
Fund balance beginning	2,193,934	2,193,934	2,193,934	-
Fund balance ending	<u>\$ (7,095,703)</u>	<u>\$ (7,338,935)</u>	<u>\$ 5,791,164</u>	<u>\$ 13,130,099</u>

The notes to the financial statements are an integral part of this statement.

# Midpeninsula Regional Open Space District

## Measure AA Bond Program

### Schedule of Program Expenditures

June 30, 2018

Project No.	Project Description	Expenditures from July 1, 2017 through June 30, 2018	Expenditures from Inception through June 30, 2018
20005	New Trail Easement - SFPUC, Ravenswood (MAA 2-2)	\$ -	\$ 22,603
20088	POST Hendry's Creek Restoration (MAA 22-1)	-	41,330
20101	Lysons Property ( 17-1 MAA )	-	27,059
20102	Lobner Demolition (MAA 17-2)	-	128,760
20109	Riggs Property Appraisal - (3-1 MAA)	-	6,500
20110	Purisima Creek Uplands Lot line Adjustment (3-1 MAA)	-	13,000
20112	Conservation Easement Upper Alpine Ranch Area (15-1 MAA)	-	8,695
20113	Preservation of Upper Los Gatos Creek Watershed (22-1 MAA)	-	5,000
20114	Land Conservation Opportunities MAA 25-1 (Burtons )	-	150
30503	ECdM Trail Improvements (MAA 4-4)	-	3,930
30904	Mindego Area - Mindego Hill Trail (MAA 9-4)	-	34,196
31309	Mt Um Bald Mtn Staging to Summit Trail (MAA 23-2)	-	17,646
31310	Mt Um Summit Restor & Improv (MAA 23-4)	-	79,491
31311	Mt Um Trail Overlook & Bridges (MAA 23-5)	-	243
31500	Measure AA Project 11-1	-	728
65101	PCR Harkins Bridge Replacement (MAA 3-4)	-	108,788
65201	Lower Stevens Canyon Hiking Bridge (MAA 17-4)	-	103,187
80016	ECdM Creek Watershed Protection Program (MAA 4-3)	-	45,507
80029	Pond DR05 Repair (MAA 7-5)	-	150,682
80037	Mindego Grazing Infrastructure (MAA 9-1)	-	135,748
80038	LHC Grazing Infrastructure - McDonald Ranch Fencing (MAA 5-2)	-	178,850
AA01	Miramontes Ridge - Gateway to San Mateo Coast	-	52,915
AA02	Bayfront Habitat Protection & Public Access Partnerships	409,892	697,060
AA03	Purisima Creek Redwoods: Purisma-to Sea Trail, Watershed/Graze	524,266	982,082
AA04	El Corte de Madera Creek: Bike Trail & Water Quality	211,770	530,521
AA05	La Honda Creek - Upper Recreation Area	125,258	2,232,854
AA06	Hawthorn Public Access Improvements	8,490	8,490
AA07	Driscoll Ranch Public Access, Wildlife Protection, Grazing	1,060,621	11,888,804
AA09	Russian Ridge: Public Recreation, Grazing & Wildlife Protection	136	72,011
AA10	Coal Creek: Reopen Alpine Road for Trail Use	17,663	21,949
AA11	Rancho San Antonio: Interpretive Improvements, Refurbishing	29,511	29,511
AA15	Regional: Redwood Protection & Salmon Fishery Conservation	-	3,009,855
AA17	Regional: Complete Upper Stevens Creek Trail	12,666	1,521,241
AA19	El Sereno Dog Park & Connections	426,550	427,265
AA20	South Bay Foothills: Wildlife Passage/Ridge Trail Improvements	4,862	196,836
AA21	CR:Pub Recreation Proj	2,207,812	3,427,105
AA22	Cathedral Oaks Public Access & Conservation	22,678	662,573
AA23	Mt Um Pub Access/Intrep	6,697,599	21,984,693
AA24	Rancho de Guadalupe Family Recreation	14,900	1,606,896
AA25	Loma Prieta Area Public Access	-	410,000
	Total MAA Bond Project Expenditures	<u>11,774,674</u>	<u>50,874,754</u>
	Reimbursements from Grants, Contributions, and Other Funds	<u>(1,059,436)</u>	<u>(2,694,744)</u>
	Total MAA Bond Project Expenditures - Net Reimbursements	<u>\$ 10,715,238</u>	<u>\$ 48,180,010</u>

The notes to the financial statements are an integral part of this statement.

# Midpeninsula Regional Open Space District

Notes to Supplementary Information

June 30, 2018

---

## **NOTE 1 - BACKGROUND**

Measure AA is a \$300 million general obligation bond approved in June 2014 by over two-thirds of Midpen voters. Proceeds from bonds, which will be sold in a series over approximately the next 20-30 years, will be used 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
- Restore and enhance open space land, which includes forests, streams, watersheds, and coastal ranch areas.

On July 29, 2015, the District issued \$40,000,000 of 2015A general obligation bonds and \$5,000,000 of 2015B federally taxable general obligation bonds to finance certain projects authorized by voters. The bonds bear interest from 1.5% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of \$2,559,224 with an underwriter's discount of \$107,599 and issuance costs of \$170,000.

On February 1, 2018, the District issued \$50,000,000 of 2018 general obligation bonds to finance 25 projects specified in Measure AA. The bonds bear interest from 2% to 5% and are due semi-annually on March 1 and September 1. The bonds were issued at a premium of \$3,691,291 with an issuance costs of \$455,462.

Land acquisition is the first step to open space conservation. The Vision Plan identified 50,000 acres of open space land that, when conserved, would significantly improve wildlife conditions, wetlands, watersheds, creeks, sensitive plant communities and healthy outdoor recreation. As of June 30, 2018, the District has acquired and /or preserved nearly 1,500 acres of land with over \$22 million in funding support from Measure AA Funds.

## **NOTE 2 - OVERSIGHT COMMITTEE**

The Oversight Committee is essential to implementing Measure AA and will consist of seven at-large members who reside within the District. The Committee convenes at least once a year and reviews annual Measure AA expenditures and Midpen's Annual Audit and Accountability report. Each year, the Committee's findings will be presented to the Board at a public meeting and will be posted on the District's website.

## **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basis of accounting utilized in preparation of this report may differ from accounting principles generally accepted in the United States of America. Accordingly, the accompanying program statement is not intended to present the financial position and the results of operations in conformity with accounting principles generally accepted in the United States of America. Expenditures incurred with Measure AA Bond proceeds are recorded on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it is measureable and available. Similarly, expenses are recognized when they are incurred, not when they are paid.



*Other Independent Auditor's Reports*



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Midpeninsula Regional Open Space District  
Los Altos, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities and each major fund of Midpeninsula Regional Open Space District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 29, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not



## Chavan & Associates, LLP

Certified Public Accountants

---

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C & A CP

October 29, 2018  
San Jose, California



**MIDPENINSULA REGIONAL OPEN SPACE DISTRICT**

330 Distel Circle

Los Altos, California 94022-1404

**Phone:** 650-691-1200 • **Fax:** 650-691-0485

**Email:** [info@openspace.org](mailto:info@openspace.org)

**Website:** [www.openspace.org](http://www.openspace.org)



PRINTED ON POST  
CONSUMER WASTE PAPER