

6. MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

AGENCY OVERVIEW

Midpeninsula Regional Open Space District (MROSD) owns and manages over 62,000 acres of land in 26 open space preserves, 24 of which are open to the public. While the District operates in three counties—Santa Clara, San Mateo and Santa Cruz—Santa Clara LAFCO is the principal LAFCO for MROSD, as the assessed value of property within the District is greatest in Santa Clara County. As principal LAFCO, Santa Clara LAFCO is responsible for adopting service review determinations and updating the District’s sphere of influence (SOI). The last service review for the District was completed in 2007.

MROSD was formed in 1972 as an independent special district after the voters passed Measure R—a voter initiated ballot measure to form the District.

The principal act that governs the District is Public Resources Code §§5500-5595. The principal act requires the District to benefit its properties and residents in at least the following respects: 1) enhance recreational opportunities and expanded access to recreational facilities; 2) improve quality of life for all communities by protecting, restoring, and improving the district's park, wildlife, open-space, and beach lands; 3) preserve canyons, foothills, and mountains and development of public access to these lands; 4) protect the diverse historical, cultural, and archaeological values of the territory of the district; 5) increase economic activity and expanded employment opportunities within the district; 6) increase property values, resulting from the required benefits; and 7) provide benefits to all properties within the regional district, including positive impacts on air and water quality, capacity of roads, transportation and other public infrastructure systems, schools, and public utilities.

Boundaries

The District’s boundaries encompass an area of 556 square miles in northern Santa Clara and southern San Mateo Counties and a small portion of Santa Cruz County, and includes unincorporated territories and 17 cities—Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside.

MROSD originally included only lands in the northern and western portions of Santa Clara County. In June 1976, the southern and eastern portions of San Mateo County were annexed into the District. MROSD annexed a small portion of the northern tip of Santa Cruz County in 1992 making it the only tri-County park or open space district in California. In September 2004, the District completed the Coastside Protection Program, which extended its boundary area to the Pacific Ocean in San Mateo County, from the southern borders of Pacifica to the San Mateo/Santa Cruz county line. This last annexation increased the size of the District from 331 to 556 square miles.

Sphere of Influence

The District's SOI is generally coterminous with its boundary, except for the southernmost portion, which includes the unincorporated lands of the Sierra Azul Open Space Preserve.

Type and Extent of Services

Services Provided

MROSD's mission is to purchase, permanently protect, and restore lands forming a regional open space greenbelt, preserve unspoiled wilderness, wildlife habitats, watershed, viewshed, and fragile ecosystems, and provide opportunities for low-intensity recreation and environmental education.

The District owns 26 preserves ranging from 55 to nearly 18,500 acres, 24 of which are open to the public free of charge, 365 days a year, from dawn until half an hour after sunset. Some district trails are closed seasonally or during and immediately following periods of bad weather to provide for safe use and to protect preserve resources. Open space preserves are generally kept in a natural condition in order to best protect the environment and wildlife habitat and are developed with only the amenities needed to provide low-intensity recreation. Improvements may include gravel or asphalt parking areas, restrooms, signed trails for hiking, bicycling, equestrian and dog use, and an occasional picnic table or bench.

In addition to preserve maintenance, MROSD is involved in resource management, which includes management of both natural and cultural resources. Natural resource management generally consists of protecting, restoring, enhancing, and monitoring native vegetation and wildlife, and monitoring and protecting the quality of geological and hydrological conditions. Cultural resource management consists of identifying and evaluating and protecting archeological sites, key historical structures, and cultural landscapes.

Service Area

MROSD reported that it did not have any unserved areas within its district boundary. While any resident from within or outside district boundaries can visit the District's open space preserves, there are preserves owned by the District which are not open to the public. These areas may be considered unserved; however, the District maintains these closed preserves in anticipation of future operations as open preserves.

MROSD provides services throughout the District and outside of its boundaries, specifically in the southern part of its SOI and to a small portion outside of its SOI in Santa Cruz County where MROSD owns and operates Sierra Azul Open Space Preserve. In addition, the District owns Loma Prieta Ranch located outside of its boundaries and SOI in Santa Cruz County between Sierra Azul Open Space Preserve in Santa Clara County and the Forest of Nisene Marks State Park in Santa Cruz County. The Ranch was added to the Sierra Azul Open Space Preserve.

Service to Other Agencies

MROSD has a contract with Santa Clara County to operate and maintain the County's Rancho San Antonio County Park. The contract was signed in July of 2000. For the period of July 1, 2014 through June 30, 2015, the County will pay the District \$313,507, of which \$50,000 is for support of Deer Hollow Farm.

Contracts for Services

MROSD contracts for services with several agencies. Due to the need for 24-hour response to all MROSD lands by rangers, firefighters, medical professionals, and armed law enforcement personnel, it is more cost effective for the District to contract for dispatch services. MROSD has been contracting with the City of Mountain View since 1993, and with Santa Clara County from 1974 to 1993 for provision of countywide radio dispatch services on the MROSD-owned radio frequencies. In addition, the District contracted with Santa Clara County for additional sheriff patrol services from 2008 to 2010 to assist with special enforcement issues at the Mt. Umunhum Area of the Sierra Azul Open Space Preserve.

Collaboration

MROSD collaborates and partners with several agencies in providing services. Additionally, the District is a member of several associations, which promote information sharing and continued tracking of current trends and practices. The District partners with the Bay Area Ridge Trail Council and San Francisco Bay Trail Project to complete missing portions of regional trails. MROSD also collaborates with Bay Area Critical Linkages Project administered by the Bay Area Open Space Council and partners with Santa Clara County Parks and Recreation department on the creation of the Parkland Acquisition Plan. MROSD reviews and comments on the Plan Bay Area regional planning project administered by Metropolitan Transportation Commission and Association of Bay Area Governments.

MROSD is a member of the California Joint Powers Insurance Authority (CalJPIA) through which it receives workers' compensation and liability insurance. Midpeninsula Regional Open Space District Financing Authority, which the District is a member of, provides financial assistance to MROSD to fund acquisition of land to preserve and use as open space. The District also participates in the Redwood City Successor Agency Oversight Board that oversees and administers the dissolution of the local redevelopment agency.

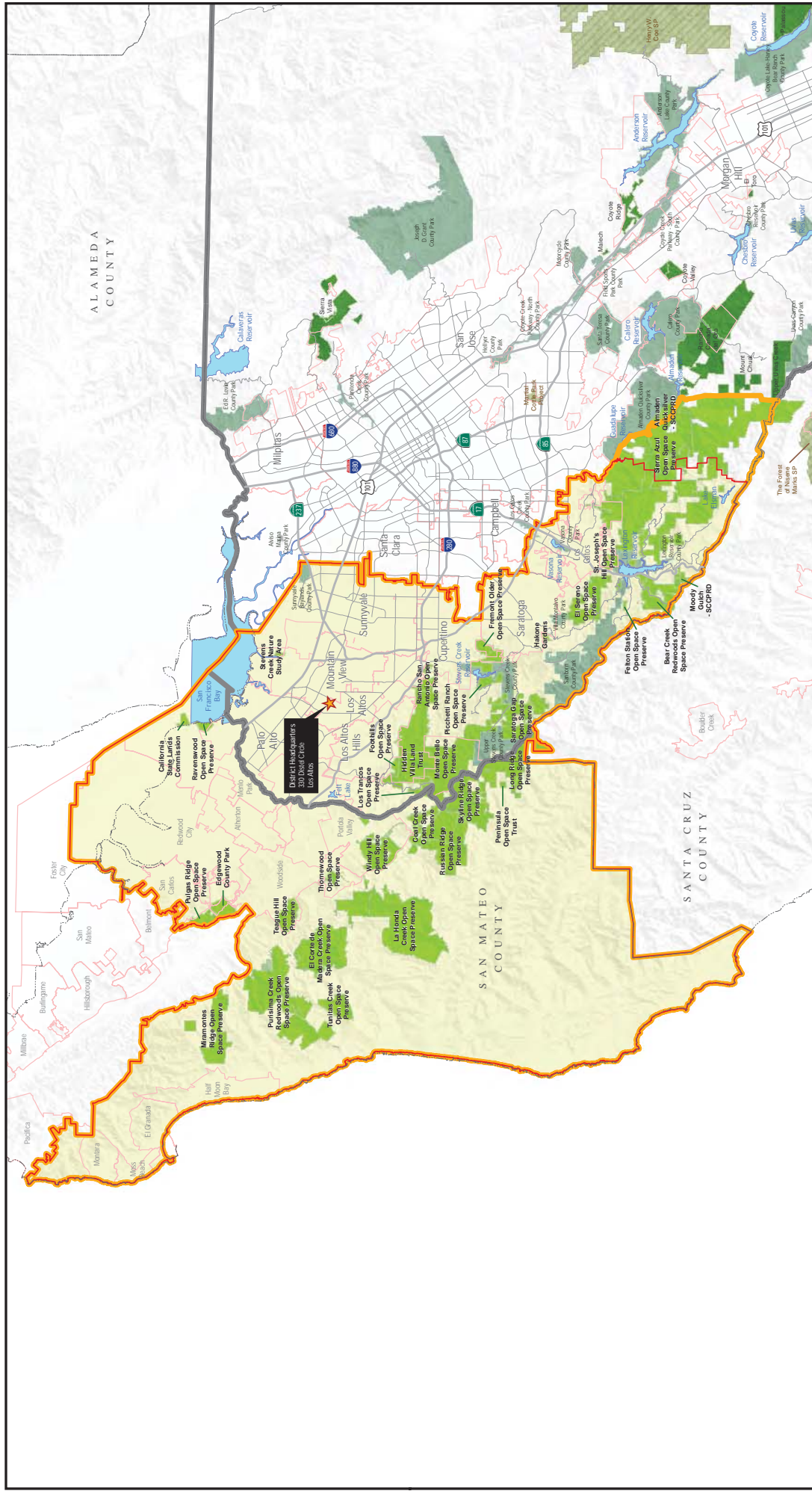
The District is also a member of multiple organizations and associations, including American Planning Association, American Society of Landscape Architects, Association of Bay Area Government, Association of Environmental Professionals (AEP), American Society of Safety Engineers (ASSE), Bay Area Open Space Council, Bay Area Ridge Trail Council, California City Clerks Association, California Association of Regional Park and Open Space Administrators (CARPOSA), California Invasive Plant Council, California Native Plant Society, Cal-ICMA (International City/County Management Association), CA Public Employee Labor Relations Association (CalPELRA), CA Special Districts Association (CSDA), International Erosion Control Association, International Institute of Municipal Clerks, Jasper Ridge Coordination Committee, Land Trust Alliance, Public Agency Risk Management Association (PARMA), PERS Public Agency Coalition, Northern California City Clerks Association, San Francisco Bay Joint Venture, San Mateo Fire Safe, Santa Clara

County Special Districts Association, Santa Clara County City Managers Association, Santa Clara County Fire Safe Council, Society of American Foresters, Society for Range Management, South Skyline Fire Safe, and The Wildlife Society.

Overlapping and Neighboring Service Providers

Since the District is an independent special district with the single purpose of preserving regional open space lands in a natural condition, the District's service fills a gap in the need for open space protection, passive recreation opportunities, and open space management services that other agencies do not have the capacity to provide. The only other entities in the District that provide similar services are Santa Clara and San Mateo Counties through their county park systems and the Santa Clara County Open Space Authority (OSA). Open space preserves managed by OSA are located within the OSA boundary area and do not overlap with the territory of MROSD. Some parks operated by the counties, which also offer open space recreation such as hiking and biking, are located within MROSD's boundaries. Those parks owned by Santa Clara County include Villa Montalvo, Sanborn County Park, Rancho San Antonio County Park (operated by MROSD under contract), Lexington Reservoir County Park, Los Gatos Creek Trail, Stevens Creek County Park, and Upper Stevens Creek County Park. The parks operated by San Mateo County include Fitzgerald Marine Reserve, Quarry Park, Edgewood Park, Huddart Park, Wunderlich Park, Memorial Park, Pescadero Creek Park, and Sam McDonald Park. However, unlike open space preserves operated by MROSD that offer low intensity, passive recreation and are generally kept in their natural condition, County parks often times contain more amenities and higher intensity uses such as group picnicking facilities, RV camping opportunities, sports fields, and landscaped areas.

Because resource management is offered as a part of its range of services provided, MROSD provides some similar services with Guadalupe Coyote Resource Conservation District (GCRC), San Mateo Resource Conservation District (SMRCD) and Santa Clara Valley Water District (SCVWD), but the services offered by MROSD are limited to the preserves that they own. GCRC and SMRCD have the goal of conserving resources, specifically related to watershed, floodplain, riparian corridor and land management, waterway protection and restoration, habitat preservation, erosion prevention, invasive species control, and scientific studies, education and information. SCVWD's stewardship responsibilities include creek restoration and wildlife habitat protection, pollution prevention efforts and a commitment to natural flood protection. MROSD provides similar natural resource management services in the form of creek restoration, grassland management, sudden oak death monitoring, pond enhancements, and wildlife inventories, but the breadth of these services is more comprehensive and is limited to MROSD lands.



Midpeninsula Regional Open Space District (MROSD)

- Midpeninsula Regional Open Space District Sphere of Influence
- Midpeninsula Regional Open Space District
- Midpeninsula Regional Open Space District Preserves

- Santa Clara County Open Space Authority Preserves
- Santa Clara County Parks
- California State Parks

- City Limits (Incorporated Areas)
- County Areas



ACCOUNTABILITY AND GOVERNANCE

MROSD is divided into seven geographic wards of approximately equal populations, each represented by an elected board member who serves a four-year term of office. The last contested election took place in 2008. Board members also participate in five committees—the action plan and budget committee, legislative, funding and public affairs committee, planning and natural resources committee, real property committee, and board appointee evaluation committee. The current member names, positions, and term expiration dates are show in Figure 6-2.

Figure 6-2: MROSD Governing Body

Midpeninsula Regional Open Space District					
<i>District Contact Information</i>					
Contact:	Jennifer Woodworth, District Clerk				
Address:	330 Distel Circle, Los Altos, CA				
Telephone:	650-691-1200				
Fax:	650-691-0485				
Email:	mrادcliffe@openspace.org				
Website:	openspace.org				
<i>Board of Directors</i>					
Member Name	Position	Began Serving	Term Expires	Manner of Selection	Length of Term
Pete Siemens	Ward 1, Treasurer	1992	December 2014	Elected	4 years
Yoriko Kishimoto	Ward 2, Secretary	2010	December 2016	Elected	4 years
Jed Cyr	Ward 3, President	1996	December 2016	Elected	4 years
Curt Riffle	Ward 4	2006	December 2016	Elected	4 years
Nonette Hanko	Ward 5	1973	December 2014	Elected	4 years
Larry Hassett	Ward 6	2000	December 2014	Elected	4 years
Cecily Harris	Ward 7, Vice-President	2008	December 2016	Elected	4 years
<i>Meetings</i>					
Date/Time:	2 nd and 4 th Wednesday of each month at 7 pm.				
Location:	Board Room, 330 Distel Circle, Los Altos, CA 94022				
Agenda Distribution:	Posted online.				
Minutes Distribution:	Posted online after board approval.				

Board meetings take place on the second and fourth Wednesday of the month, at 7:00 pm. These Board meetings are held in the MROSD'S administrative office in Los Altos and are open to the public. Offsite meetings regarding coast-side related items or items pertaining to the San Mateo County LAFCO Conditions of Approval for the Coastal Area Annexation are held as needed at public locations in the vicinity of Half Moon Bay. In accordance with California Public Resources Code §5536 and §2.30 of the Board's Rules and Procedures, each District Board member may receive compensation in an amount not to exceed \$100 per day for each attendance at a Board meeting and no Board member may receive more than \$500 compensation in any one calendar month, for a total maximum potential of \$6,000 per year each. Accordingly, with seven board members, the maximum a

Board could receive is \$42,000 per year for all seven members combined. Actual cumulative compensation in FY 13 was \$31,500.

Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. The District has a written policy on reimbursements. The last time the board members received ethics training was in 2012. Additionally, the District is required to make available to the public a list of reimbursements over \$100 made to board members and employees over the last year.⁶¹ MROSD provided the list of reimbursements for FY 12.

The Board of Directors' meeting agendas and minutes are posted on the district website. If a resident wishes to have a hard copy of the agenda mailed to them prior to the meeting, that resident may request that service by calling the District's Clerk's office. This service costs \$25 annually.

The District conducts constituent outreach through disseminating informational updates, calendar items, and educational materials to constituents via hard copy and electronic methods. Specific examples include quarterly newsletters, periodic electronic communication (eblasts), press releases, brochures, and preserve sign boards. The District maintains a contact database, which hosts constituent contact information, providing an opportunity for individuals and groups to sign up for and receive specific district information that interests them. In addition, district staff and volunteers provide information to preserve visitors and other constituents at Bay Area outreach events. MROSD's website contains information on the District's services, Board of Directors, Board of Directors' meeting agendas and minutes, meeting schedule, budgets, district news, and projects and plans.

Constituents may submit complaints in person, by telephone, by letter and/or by email to the full Board or individual board members, as well as to district staff and the district Ombudsperson.⁶² All public complaints are addressed, and if addressed to the entire Board of Directors, are answered by formal Board-approved letters. Annual reports of complaints received by the district Ombudsperson and formal complaints regarding peace officers, that are logged yearly by the District's Operations Manager, are presented to the Board. The District, however, does not yet maintain a comprehensive database of complaints. In 2012 approximately two informal complaints related to preserve uses were received per month. There was no report submitted by the district Ombudsperson and no formal complaints against peace officers received for calendar year 2012. Depending on the subject, complaints could be handled by a supervisor, department manager, general manager or board member.

⁶¹ Government Code 53065.5

⁶² The Ombudsperson is an appointee of the Board of Directors who follows up on resident and neighbor inquiries or complaints to attempt and resolve misunderstandings or conflicts that have not been resolved satisfactorily by District staff. The Ombudsperson works independently and objectively to assist in maintaining positive relations with District residents and neighbors.

MROSD has adopted Rules of Procedure that provide a framework and direction for district governance and administration. Included in the Rules of Procedure, are policies on code of ethics and conduct, public records requests, and Brown Act requirements as related to the Board open and closed meetings.

The Political Reform Act (Government Code §81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (California Code of Regulations §18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. The District has adopted a conflict of interest code.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the Fair Political Practices Commission each year. The District's conflict of interest code outlines that the district clerk maintain the original forms. As a courtesy MROSD reported that the District sends copies of its board members' Form 700s to San Mateo, Santa Clara and Santa Cruz counties; however, only San Mateo County reported that it had received the 2013 forms.

MANAGEMENT AND STAFFING

Headed by the General Manager, the District's staff consists of 104 full-time and 18 part-time employees in six departments, which include administration, natural resources, real property, public affairs, planning, and operations. A majority of district staff is in operations. The District reported that overall it had 111 full time equivalents (FTEs) and 120 FTEs taking into account all the temporary employees.

MROSD is currently divided into two geographical areas staffed out of two primary field offices, one located at Rancho San Antonio Open Space Preserve and another on Skyline Boulevard at Skyline Ridge Open Space Preserve, with a field outpost, located off Hicks Road in Los Gatos. The District administrative staff members are located at the administrative office on Distel Circle, off El Camino Real in Los Altos and include professionals in accounting, environmental analysis, human resources, law, open space planning, resource management, real property, and public affairs (including volunteer and docent programs). Approximately 25 permanent staff at each field office (the field outpost is staffed out of the Rancho San Antonio Open Space Preserve primary field office) provide patrol, maintenance, and visitor services. Rangers are primarily responsible for the day-to-day patrol and visitor contact on MROSD's preserves. All rangers have law enforcement capability focused primarily on resource protection and are trained in fire suppression, defensive tactics, and emergency medical response, which they use to supplement and assist the State, County and local jurisdictional agencies that have primary responsibility for MROSD lands. The field staff includes permanent and seasonal open space technicians, as well as equipment mechanic operators, all of whom are responsible for building and maintaining the system of trails, and for performing resource management activities within the preserves. A number of these staff who choose to volunteer, are also trained in fire suppression and emergency medical response. In addition, there are over 500 volunteers who assist the District each year.

MROSD performs regular employee evaluations twice a year. The District tracks the workload of its employees by department and does semi-annual action plan review. MROSD is currently transitioning to the process of recording detailed information about hours spent on overall department tasks. The new system will help MROSD to understand in greater detail how resources are allocated to meet public needs.

MROSD also conducts reviews of the District's overall performance. The District has a budget and an action plan, which lay out the schedule and funding for high priority projects for the year. MROSD further conducts a mid-year review and makes adjustments as needed. At the end of the year, management reviews how actual expenditures match the planned numbers and goals. In addition, the District's controller has a 30-year financial model that projects growth and tracks expenditures, actual growth, operations, and capital.

The District's mission 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. In 1999, the Board of Directors developed a basic policy to guide the agency and provide information to the public about the mission, purpose, strategic direction, and major elements of District's operations. The District adopted a capital improvement plan (CIP) with the planning horizon of three years, which is updated annually. MROSD reported that in FY 15 the CIP planning horizon would be increased to five years. Other documents used by the District to guide its efforts include the annually adopted budget, the annually audited financial statement, regional open space study, master plan, strategic plan, and various project plans.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. The County has reported that in recent years, it has not been the practice for special districts to file their budgets with the County. MROSD has not yet submitted its budget to the County for FY 14.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the end of the fiscal year. The District has complied with this requirement.

All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.⁶³ In the case of MROSD, the District must submit audits annually. MROSD has submitted its audit to the County for FY 12.

⁶³ Government Code §26909.

POPULATION AND PROJECTED GROWTH

Land Uses

The territory within the District's bounds is composed of well-established communities that are nearly built out, including the cities of Atherton, Cupertino, East Palo Alto, Half Moon Bay, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Monte Sereno, Mountain View, Palo Alto, Portola Valley, Redwood City, San Carlos, Saratoga, Sunnyvale, and Woodside. The District's boundary area and SOI also contain undeveloped and unincorporated areas, which include open space and agricultural lands.

Current Population

Based on MROSD's estimate of 2010 Census data, the District's population was approximately 705,528.

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.⁶⁴

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged communities median household income definition.⁶⁵ DWR did not identify any disadvantaged communities within Santa Clara County.⁶⁶

However, DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of analysis, disadvantaged unincorporated communities that meet LAFCO's definition cannot be identified at this time.

Projected Growth

Based on data provided by ABAG as part of its Plan Bay Area project, the District reported that the increasing number of high-tech jobs has played a role in increasing the population of the Bay Area, which in turn increases the service demand for open space areas. The District does not anticipate any new housing developments on district-owned

⁶⁴ Government Code §56033.5.

⁶⁵ Based on census data, the median household income in the State of California in 2010 was \$57,708, 80 percent of which is \$46,166.

⁶⁶ DWR maps and GIS files are derived from the US Census Bureau's American Community Survey (ACS) and are compiled for the five-year period 2006-2010.

and managed land. Projected population growth throughout MROSD's boundary will result in a fast growing demand for open space services.

MROSD is currently undergoing a two-year long Vision Plan process that includes extensive public outreach and input. The Vision Plan will help inform and guide how and where the District prioritizes its projects, land management and nature recreation facilities development over the next 40 years and focusing on the next 10 to 15 years.

Moderate population growth is anticipated within the District's bounds based on the Association of Bay Area Government's (ABAG) projections for Santa Clara County. ABAG projects that the City of Atherton will experience three percent growth over the 25-year period from 2010 to 2035.⁶⁷ The City of Cupertino is anticipated to experience four percent growth, East Palo Alto 32 percent, Half Moon Bay seven percent, Los Altos seven percent, Los Altos Hills three percent, Los Gatos two percent, Menlo Park 21 percent, Monte Sereno six percent, Mountain View 26 percent, Palo Alto 36 percent, Portola Valley zero percent, Redwood City 26 percent, San Carlos 17 percent, Saratoga zero percent, Sunnyvale 21 percent, and Woodside zero percent over the same period. Unincorporated areas of Santa Clara County are anticipated to have 19 percent growth over the same period, and in San Mateo County nine percent.⁶⁸ Based on these growth projections, the average estimated growth for MROSD between 2010 and 2035 is 12 percent; it is anticipated that the District's population will be 790,192 by 2035.

FINANCING

Financial Adequacy

The District reports that current revenues are adequate to maintain the existing level of service, but growth in the District's operating expenses continues to outpace revenue growth. Without a new funding source, the ability of the District to purchase land will be severely constrained by 2017. However, the District will be able to sustain slow, but steady operational growth into the foreseeable future, as long as the property tax base formula is not diverted or diminished.

Like most other non-enterprise districts reliant upon property tax revenue, MROSD has faced financing challenges in the last few years. District revenues remained largely flat for several years and have only recently begun to increase again. In order to reduce costs, the District implemented certain measures including freezing salaries for 15 months (no cost-of-living adjustments), decreasing the employer paid member contribution (EPMC) to the District's pension plan (CalPERS), increasing employee cost share of some benefit premiums, and implementing a hiring freeze.

The District has also been working on reducing costs and increasing its operational efficiency. Such measures included converting certain operations to digital, creating a new

⁶⁷ ABAG, Projections 2009, 2009.

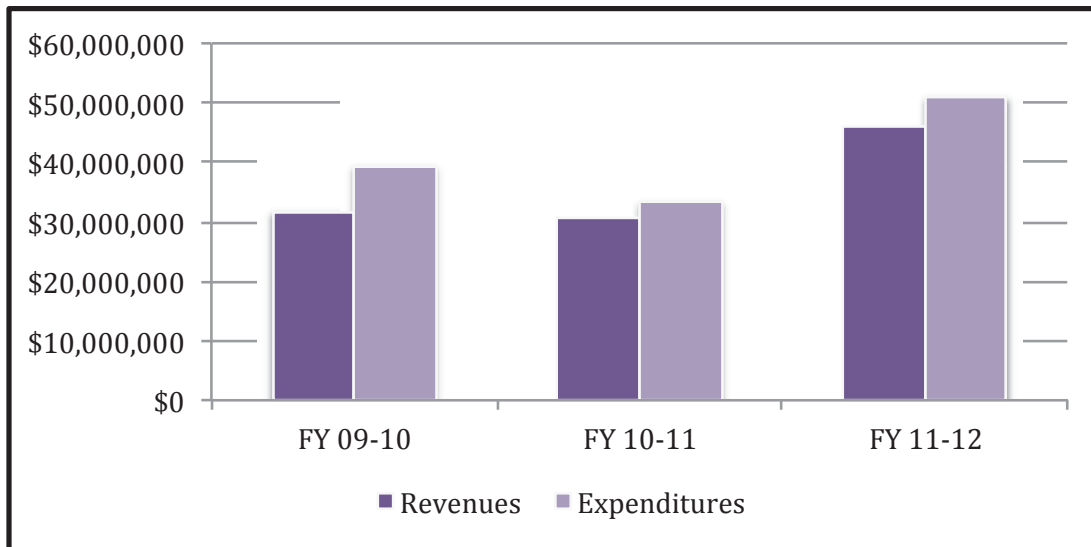
⁶⁸ Since the portion of the District in Santa Cruz County is very small its population growth are not expected to significantly affect MROSD's population projections.

district clerk position, connecting the budget and action plan and reviewing results with the Board, and creating administrative policies and procedures to increase efficiency and reduce costs. MROSD also started vision and strategic planning, engaged a large number of volunteers, and continued to apply for multiple grants. In addition, the District implemented a new radio system that now allows staff to communicate throughout the District. The cost containment strategies implemented by the District to further decrease costs included researching and purchasing alternative energy systems such as hybrid, electric and photo voltaic when efficient and using and expanding paperless methods.

MROSD is also exploring new revenue sources, such as a parcel tax, general obligation bonds, fees for services, and new contracts for services, such as the one the District has with Santa Clara County.

Over the past three fiscal years⁶⁹ (FYs 09-10 to 11-12), district expenditures have exceeded revenues in each year as shown in Figure 6-3.

Figure 6-3: MROSD Revenues and Expenditures, FYs 09-10 through 11-12



Source: Audited Financial Statements for FY 09-10 through FY 11-12

Revenue Sources

The District’s revenue largely comes from property taxes and grants. In FY 11-12, the District received almost 65 percent of its tax revenue from Santa Clara County and close to 35 from San Mateo County. Tax revenue increased by 5.4 percent in FY 11-12 compared to a decline of 1.3 percent in FY 10-11.

In FY 11-12, the District received \$46 million in revenue, as depicted in Figure 6-4. The District’s revenue sources were property tax, grant income, investment income, property management, land donation, and other income.

⁶⁹ MROSD’s fiscal year is April 1st through March 31st.

In FY 11-12, MROSD received gifts of land totaling \$13.9 million, including the Hawthorns property in Portola Valley, appraised at \$10.9 million and \$3 million from the Peninsula Open Space Trust (POST). Grant income was mostly tied to acquisitions of specific parcels of land. The District received a total of \$1 million of land acquisition grants in FY 11-12, \$500,000 each from the California Coastal Conservancy and the Habitat Conservation Fund.

MROSD leases certain land and structures to others under operating leases, with terms generally on a month-to-month basis. Rental income was about \$1 million in FY 12.

Figure 6-4: MROSD Revenues, FY 11-12

Type of Revenue	Amount of Revenue	% of Total
Property Tax	\$ 28,737,153	62%
Grant Income	\$ 1,452,738	3%
Investment Income	\$ 374,544	1%
Property Management	\$ 1,319,580	3%
Other Income	\$ 240,203	1%
Land Donation	\$ 13,927,600	30%
TOTAL	\$ 46,051,818	100.0%

Source: Audited Financial Statements, FY 11-12.

Rates

The District does not charge any fees for the use of its preserves, nor does it collect any assessment taxes from its residents.

Expenditures

In FY 11-12, the District's total expenditures amounted to \$51 million, as depicted in Figure 6-5. Expenses are divided into three categories which consisted of current expenses (salaries, benefits, directors, and services and supplies), capital outlay (new land purchases, land acquisition support costs, structures and improvements, equipment, and vehicles) and debt service (principal and interest and fiscal charges).

Figure 6-5: MROSD Expenditures, FY 11-12

Type of Expenditure	Amount	% of Total
Salaries	\$ 7,911,094	16%
Benefits	\$ 3,238,516	6%
Directors	\$ 28,900	0.05%
Services and supplies	\$ 2,817,329	5.5%
New land purchases	\$ 23,996,584	47%
Land acquisition and support	\$ 197,646	0.4%
Structures and improvement	\$ 1,397,807	3%
Equipment	\$ 1,387,533	3%
Vehicles	\$ 210,423	0.4%
Debt principal	\$ 4,456,684	9%
Debt interest and fiscal charges	\$ 5,355,160	10%
TOTAL	\$ 50,997,676	100.0%

Source: Audited Financial Statements, FY 11-12.

Capital Outlays

MROSD plans its capital improvements in a three-year capital improvement plan which is reviewed every year as a part of the Action Plan review process. MROSD has budgeted \$5.5 million for capital expenditures in FY 12-13.

About 21 percent of the unrestricted balance is projected to be used for land acquisition in FY 12-13, as the approved budget for FY 12-13 forecasts land purchases totaling \$12.1 million.

In FY 11-12, MROSD added \$24 million of land and associated structures. The largest acquisition, the \$10.9 million Hawthorns property in Portola Valley, was a gift from the owner. Accompanying this gift was a \$2 million endowment to manage the property. The second largest acquisition, the \$3.6 million Madonna Creek Ranch, was funded by a \$3 million gift from the Peninsula Open Space Trust and a \$500,000 grant from the Habitat Conservation Fund. The District completed two other large acquisitions from POST in FY 11-12—the \$3.6 million October Farm property and \$3.1 million addition to the Russian Ridge Open Space Preserve. The District received a \$500,000 grant from the Coastal Conservancy to partially fund the latter purchase. Net of grants and gifts, the District used \$9.1 million of cash for land purchases in FY 11-12, up slightly from \$8.8 million in FY 10-11. The District added \$10 million and \$17.5 million of land and associated structures in FYs 10-11 and 09-10, respectively.

The large capital spending increase in FY 11-12 was due to completing the long-planned radio system upgrade, and the delay and deferral of several capital improvement projects.

In FY 12, the District added \$24 million of land, representing 91 percent of the total increase of capital assets, and has committed \$4.8 million of its fund balance for various uncompleted capital projects.

Reserves

The District reported that it had a goal of keeping a minimum of about \$5 million as its undesignated fund balance. At the end of FY 12, the District had an unrestricted fund balance of \$42.7 million. About 21 percent of the unrestricted balance will be used for land acquisition in FY 13. Another \$2 million of the unrestricted balance is an endowment to provide stewardship to the new Hawthorns property.

MROSD also has a Debt Service Fund, which is a reserve fund required by the terms of the District's 2004 Revenue Bonds. The fund, which contains \$1.6 million, is held by the bond trustee and will be used to make the final debt service payment.

Debt

The District's total debt service in FY 12 was \$9.81 million, consisting of \$5.36 million of principal and \$4.46 million of interest.

At the end of FY 12, the District's long-term debt included \$2.5 million of subordinated notes issued to sellers in district land purchase transactions, \$102.7 million of MROSD Authority revenue bonds sold to the public in 2004, 2007 and 2011, \$19 million of district

refunding promissory notes sold to the public in 2005 and 2012, and \$16.4 million of accrued interest, unamortized premium and unamortized lost on refunding.

As shown in Figure 6-6, the District's long-term debt is represented by five promissory notes and four revenue bonds.

Figure 6-6: MROSD Long-Term Debt

Liability	Balance FY 12
Promissory Notes	
Hunt Living Trust Promissory Note	\$1,500,000
Daloia Land Purchase Contract Promissory Note	\$117,846
2005 Refunding Promissory Note	\$3,165,000
2010 Bergman Note	\$850,000
2012 Refunding Promissory Notes	\$15,790,000
Revenue Bonds	
1999 Lease Revenue Bonds ⁷⁰	\$0
2004 Revenue Bonds	\$31,446,515
2007 Series A Revenue Refunding Bonds and Series B-T Taxable Revenue Refunding Bonds	\$52,820,000
2011 Revenue Bonds	\$20,500,000

Source: Audited Financial Statements, FY 12

In FY 12, the District went to the State Legislature and applied for an expansion of its promissory note term from 20 years to 30 years. The Legislature approved the petition and refinanced the District's debt, which freed up a significant portion of MROSD's funds for operations.

INFRASTRUCTURE AND FACILITIES

As shown in Figure 6-7, MROSD's infrastructure consists of 26 open space preserves and 220 miles of trails ranging from easy to challenging terrain.

MROSD has two primary field office/shop facilities, at Rancho San Antonio Open Space Preserve and Skyline Ridge Open Space Preserve, to serve the Foothills and Skyline areas, respectively. MROSD has a nature center as well as an interpretative farm/working homestead, both open to the general public. There are five historic structures and other potentially historic structures on MROSD properties. There are three existing wildlife observation platforms, which are structures meant to facilitate viewing wildlife and the landscape, while limiting or directing public access to the site. The District has one hike-in camp, which offers four primitive campsites not accessible by vehicle where camp stoves are allowed but not open fire. The camp also offers a pit toilet and water for washing. There are about 31 existing parking areas, including 14 that are formally-developed public parking lots providing access to preserves, including restrooms, trailhead signs and maps.

⁷⁰ Advance refunded by the 2012 promissory notes.

As reported by the District, the condition of MROSD's facilities, including the preserves, range from excellent, to good, to fair, based on historical use practices of the lands the District has acquired, and the ability of MROSD to rank in order of critical need the priorities to fund and implement proper resource management improvements and practices.

Figure 6-7: MROSD Opens Space Preserves

Facility	Location	Acreage	Amenities
Bear Creek Redwoods	Santa Clara, Santa Cruz	1,432	10.3 miles of trails. Public access for hiking and horseback riding in designated areas is available by permit only.
Coal Creek	San Mateo, Santa Clara	508	5.4 miles of trails, including a historic trail. The preserve's 5 miles of trails provide important trail connections between Skyline Blvd and Alpine Road for hikers, bicyclists and equestrians.
El Corte de Madera Creek	San Mateo	2,817	36 miles of multiuse trail are available for exploration at this 2,817-acre preserve. While this preserve is popular with bicyclists, it also has lots of hiking and horseback riding opportunities.
El Sereno	Santa Clara	1,415	The preserve's 7.4 miles wide, gradual trails are open to hikers, bicyclists and equestrians. A 3-mile trek along the ridge offers visitors panoramic views of Lexington Reservoir, Sierra Azul and St. Joseph's Hill Open Space Preserves, and the South Bay.
Foothills	Santa Clara	212	A grassy ridgetop surrounded by steep chaparral-covered slopes, with oak-madrone woodland in the ravines and on the north-facing slopes. A 0.4 mile trail leads from Page Mill road to a grassy knoll, offering a view of the South Bay.
Fremont Older	Santa Clara	739	This preserve offers a variety of experiences to hikers, bicyclists and equestrians: open hayfields, Seven Springs Canyon and Hunters Point, a 900-foot hilltop offering views of the Santa Clara Valley. There are 14.7 miles of trails.
La Honda Creek	San Mateo	5,759	A special permit is required to access this preserve. Open to equestrians and hikers. There are 3.7 miles of trails.
Long Ridge	San Mateo, Santa Cruz	2,035	Open to hikers, cyclists and equestrians. The Bay Area Ridge Trail runs through the preserve, connecting Long Ridge with Skyline Ridge Open Space Preserve. This portion of the Ridge Trail is one of the longest continuous segments (13 miles) extending from Sanborn-Skyline County Park to the northern boundary of Russian Ridge Open Space Preserve.
Los Trancos	San Mateo, Santa Clara	274	Rolling grassland knolls alternating with oak woodland and shaded forest. Located in the Santa Cruz Mountains above Palo Alto this is considered a spot to learn about earthquake geology. There is a 1.5 mile self-guided tour of the San Andreas Fault Trail. There are 5.2 miles of trails.
Miramontes Ridge	San Mateo	1,152	In July 2010, the name of Mills Creek Open Space Preserve was changed to Miramontes Ridge Open Space Preserve because the ridge, which climbs eastward from the edge of Half Moon Bay to Skyline Boulevard, is locally known as Miramontes Ridge, and the new name better acknowledges the land's historic heritage. Public access is currently limited pending trail planning and development.
Monte Bello	Santa Clara, San Mateo	3,277	Approximately 15.5 miles of trails are available to explore. The 3,177-acre preserve is one of the District's richest in wildlife and ecosystem diversity. The preserve encompasses the upper Stevens Creek watershed from Monte Bello Ridge to Skyline Ridge.
Picchetti Ranch	Santa Clara	308	Winery built in the late 1890s and operated for many years under the Picchetti Brothers label. The District purchased the winery, homestead, and surrounding property in 1976. There are 3.7 miles of trails.
Pulgas Ridge	San Mateo	366	An easy-access "connector" trail links the preserve's parking area with the 0.8-mile Cordilleras Trail, which is designated to accommodate wheelchairs, strollers, or visitors desiring a less strenuous open space experience. There are six miles of trails.
Purisima Creek Redwoods	San Mateo	4,412	24 miles of developed trails and historical logging roads provide opportunities for easy walks or long, strenuous hikes or rides.

Figure 6-7: MROSD Opens Space Preserves Continued

Facility	Location	Acreage	Amenities
Rancho San Antonio	Santa Clara	3,988	This preserve, combined with the adjoining 165-acre county park offers diverse environments, cultural history and variety of activities. The most popular activities are jogging and hiking. Stretching bars are available at the restroom parking area and equestrian staging area. The park provides hiking, bicycling and equestrian trails, which connect with additional trails within the open space preserve. There are 24.2 miles of trails.
Ravenswood	San Mateo	376	Comprised of 2 noncontiguous areas located south of the Dumbarton Bridge and adjacent to San Francisco Bay. The marsh attracts a variety of migrating birds, including sandpipers, dowitchers, and avocets. Great blue herons, white pelicans and egrets are also common. There are bicycle and pedestrian trails (1.3 miles) along the levee surrounding the marsh, a 12-car parking lot and 2 observation decks. The trails and observation decks are wheelchair-accessible.
Russian Ridge	San Mateo, Santa Clara	3,137	10.4 miles of trails are available at Russian Ridge. The Bay Area Ridge Trail continues north from Skyline Ridge Open Space Preserve along the ridge to Rapley Ranch Road, providing views of both the Pacific Ocean and the San Francisco Bay.
St. Joseph's Hill	Santa Clara	270	St. Joseph's Hill offers challenging trails for hikers, bicyclists and equestrians. There are 4.2 miles of trails.
Saratoga Gap	Santa Clara, Santa Cruz	1,542	1.2-mile multiuse Saratoga Gap Trail provides opportunities for bikers, cyclists and equestrians
Sierra Azul	Santa Clara, Santa Cruz	18,446	Serpentine grasslands, hard, rocky and steep chaparral, dense stands of bay trees and shaded forests. There are also deep ravines and riparian corridors some containing seasonal or year-round water flow. There are 24.4 miles of trails.
Skyline Ridge	San Mateo, Santa Clara	2,143	Offers 10.9 miles of trail for exploration. Two 1-mile trails are accessible to wheelchairs and baby strollers: one encircling Alpine Pond and another hugging the shores of Horseshoe Lake. Several picnic tables overlook Horseshoe Lake. Views of the Lambert Creek watershed, Butano Ridge and Portola State Park.
Stevens Creek Shoreline Nature Study Area	Santa Clara	55	Offers a 0.5 mile trail where one may see pied-billed grebes, great blue herons, coots and shovelers. There are clapper rails and salt marsh harvest mice, two endangered species that depend on this habitat to survive.
Teague Hill	San Mateo	626	Private property and California Water Service Company property make it difficult to visit the majority of Teague Hill. Currently, there is only one designated trail that touches Teague Hill Preserve, and there are no plans in the near future to create additional designated trails.
Thornewood	San Mateo	167	Thornewood is a 167-acre preserve offering nice, easy hikes or horseback rides through beautiful surroundings. The preserve's ¾-mile Schilling Lake Trail gradually winds through sunlit canopies of big-leaf maples and moss-covered oaks and ends under the shade of the giant redwoods that surround the lake. There are 1.5 miles of trails.
Tunitas Creek			Closed to public.
Windy Hill	San Mateo	1,335	Variety of habitats along the preserve's 12.2 miles of trails. Hikers and equestrians use the Hamms Gulch, Eagle, Razorback Ridge, and Lost Trails to make an 8-mile loop through ridges to the valley floor and back. The Anniversary Trail provides a short hike to Windy Hill, with views of the bay and surrounding valley. Popular with cyclists are Spring Ridge Trail which descends from Skyline Blvd and continues along a grassy ridge to Portola Valley. Hang gliding, paragliding and remote control gliding are allowed by obtaining a special permit.
Total		56,791 acres	

Infrastructure Needs

The District's Action Plan outlines planned projects and describes their purpose, scope, schedule, budget, district departments involved and impacted, and board committees responsible for review. Planned projects are divided into district-wide key projects and projects related to various programs (including greenbelt preservation, property right stewardship, revenue generation, public safety, law enforcement and fire protection, agricultural land stewardship, public recreation and access, long range planning, geographic and information systems services, public recreation access, environmental restoration and remediation, cultural resource stewardship, staff facility infrastructure, resource management, administrative support, public information, media and outreach, legislative, community involvement and education, human resources, district clerk services, financial management, and legal and risk management). Projects are scheduled to be completed between FYs 13-14 and 16-17 and are estimated to cost about \$15.3 million, excluding the projects for which the cost is yet to be determined.

Some of the current key projects include:

- ❖ **Mindego Gateway Project** - In partnership with Peninsula Open Space Trust (POST), the District is proposing to construct a new parking lot/staging area and two new connector trails in the Mindego Area of Russian Ridge Open Space Preserve. POST will also construct a commemorative site adjacent to the staging area to honor the conservation achievements of its former president Audrey Rust. These new public-access facilities collectively form the proposed Mindego Gateway Project.
- ❖ **El Corte de Madera Creek Watershed Protection Program** - After a 1.5-year permitting process involving six federal, state, and local agencies, the District is preparing to begin construction on the remaining moderate- and high-priority Watershed Protection Program work for the El Corte de Madera Creek Open Space Preserve. Work is scheduled to occur at multiple sites over the next three years. Implementation of these Watershed Protection Plan and other trail upgrades and drainage improvements is designed to prevent sediment delivery to Lawrence and El Corte de Madera Creeks in order to improve water quality for downstream fish species, improve overall watershed health, and improve the trail experience for preserve visitors.
- ❖ **Cooley Landing** - Following the completion of Phase I, Cooley Landing Park opened in October 2012. Phase I design and construction included site remediation, trail access, road improvements, some parking, benches, and a picnic area. MROSD is partnering with the City of East Palo Alto on this park, as it encompasses a portion of the Ravenswood Open Space Preserve. East Palo Alto's new Nature Education Center building will be designed and completed over the next year and a half.
- ❖ **La Honda Creek Master Plan**- The District has completed a 30-year use and management master plan for this Preserve that aims to balance the preservation of viable agriculture, cultural history, and the natural environment with public education and low-intensity recreation.

- ❖ **Sierra Azul and Bear Creek Master Plan** - In response to high public interest and the successful procurement of outside funding to clean the Mt. Umunhum summit with the goal of opening this mountain peak to public use, the District has shifted staff resources to focus on the planning process for this particular site. The master planning process aims to provide the public with greater opportunities for recreation access, interpretation, and education, while protecting the natural, cultural, and historic resources of the landscape. The District is developing a long-term vision for these public lands and addressing opportunities for access and regional trail connectivity, species and habitat protection, safety concerns, and maintenance issues, among others. Sierra Azul Open Space Preserve is partially located outside of the District's boundaries and a small portion extends outside its SOI into Santa Cruz County.

Shared Facilities

The District works to form a continuous greenbelt of permanently preserved open space by linking its lands with other public parklands. The District also participates in cooperative efforts, such as the Bay Trail, Bay Area Ridge Trail, and Skyline-to-the-Sea Trail, which are regional trail systems in the Bay Area that include District lands.

MROSD manages Rancho San Antonio County Park as a result of an Operations and Management Agreement with the Santa Clara County Parks and Recreation Department. The District is also working in partnership with the City of East Palo Alto on the formation of Cooley Landing Park which is partially located in Ravenswood Open Space Preserve. Deer Hollow Farm is a working homestead and educational center in Rancho San Antonio Open Space Preserve. It is owned by MROSD but operated by the City of Mountain View Recreation Department with staff assistance from MROSD, a grant from Santa Clara County, and support from the Friends of Deer Hollow Farm.

DEMAND FOR SERVICES

The four major factors influencing service demand for MROSD are population growth, the range of open space opportunities and amenities offered by the District, distance to population centers, and constituent outreach. The wider the range of recreational opportunities, the greater the chance that a resident will find a preferred option, therefore potentially more people would be using services offered by a District. Similarly, the more constituents are aware of the recreational opportunities the more likely a greater number of people will be making use of the District's facilities.

As reported by MROSD, its demand for services has been continuously increasing as people are moving into the Bay Area urban centers for high-tech jobs, and more people are aware of the District's open space opportunities, due to MROSD's extensive constituent outreach efforts. In addition, the District is constantly improving and adding amenities and trails to its preserves. MROSD conducted visitor count surveys from 2007 through 2010 by preserve, results of which confirmed the presumption of increased demand.

SERVICE ADEQUACY

This section reviews indicators of service adequacy, including open space acreage per 1,000 residents, condition of open space preserves and amenities, operating expenditures per acre of land maintained, acres of land maintained per FTE, number and variety of open space opportunities offered, and challenges to adequate service provision.

The amount of open space acreage available to district residents is one determinant of service adequacy. There are several standards for the amount of open space acreage needed, ranging from three to 10.25 acres of developed parks per 1,000 residents. The National Recreation and Park Association (NRPA) recommends that a municipal park system be composed of at least 6.25 to 10.5 acres of developed open space per 1,000 residents. While this standard is directed at municipal park systems, which implies developed open space, the standard is applicable to open space providers as well, including MROSD. MROSD operates over 46,805 acres of open space preserves. Total acreage per 1,000 residents for the open space system in MROSD is 66.3, which greatly exceeds the above mentioned service standards.⁷¹

The condition of the District's facilities, including preserves and trails were reported to range from excellent and good to fair, as was previously indicated in the *Infrastructure and Facilities* section.

In FY 11-12, MROSD spent about \$253 in operating expenditures per acre of parkland currently open to the public. The NRPA Special Report indicates that during the same period, among the agencies throughout the country that operated more than 3,500 acres and responded to the NRPA survey in 2012, the median agency spent about \$3,579 per acre in operating expenses. It should be noted that some agencies surveyed by NRPA had more amenities than MROSD, therefore they had to spend more funds on the operation and maintenance of these additional facilities when calculated per acre.

Also in FY 11-12, the median agency throughout the country, that operated more than 3,500 acres and responded to the NRPA survey, maintained 95.3 acres per FTE. To compare, MROSD in FY 12-13, managed 501 acres of land open to the public per FTE (excluding temporary employees). Similar to the previous indicator, fewer FTEs are required to operate and maintain parkland with fewer amenities and recreational programs. As reported by the District, MROSD faces costly land management issues that differ significantly from municipal park systems, such as extensive trail and patrol road maintenance in rough terrain, wildland fire management, invasive weed abatement, forest management, stream and habitat restoration, and bridge and culvert repair and replacement in remote areas. MROSD has a backlog of significant land management issues, but does not have adequate resources to address them. The current number of district staff does not necessarily reflect the number of personnel the District needs to better manage the land.

⁷¹ Used for this indicator are the preserves currently open for public use, which includes 46,805 acres. The District's total land ownership is 59,000 acres.

MROSD makes a large number of open space opportunities available to the public, including 24 large-scale open space preserves. The District also offers a number of activities, including biking, equestrian activities, bird and animal watching, educational opportunities, exercising, and picnicking. The number and diversity of activities and facilities offered appear to be adequate. MROSD recently started conducting polling to find out what the public thinks of its services and what some of the additional needs may be. Early polling results have shown that MROSD is meeting public expectations.

MROSD identified several challenges to adequate service provision in its open space preserves. The major challenge revolves around long-term and ongoing land management, which can include, among many responsibilities, trail and patrol road maintenance, invasive weed management, streambed erosion or sedimentation, bridge or culvert failures, and compliance with rules and regulations. There is a need for additional funding and staff resources to manage the increasing acreage of land managed by the District. MROSD also reported that regulatory requirements could cause project delays, including CEQA requirements for MROSD that are similar to those of land developers and that create a higher work volume and require more resources.

GOVERNANCE STRUCTURE OPTIONS

During the course of this service review, one governance structure option was identified in regard to MROSD—annexation of the remainder of the Sierra Open Space Preserve. Currently, the District provides services outside of its boundary, but within its SOI in the Sierra Azul Open Space Preserve, which is presently bisected by MROSD's bounds. It is recommended that MROSD annex the portion of the Sierra Azul Open Space Preserve located outside of the District's bounds and within its sphere of influence to align the boundary with the SOI, as the District has initiated capital planning efforts within that portion of the preserve in the form of trails and amenities, is conducting regular maintenance, and offers park ranger services to the area.

The District also expressed the desire to annex the Loma Prieta Ranch, which is a part of Sierra Azul Open Space Preserve, and to annex the southern portion of the Bear Creek Redwoods Open Space Preserve. Both territories are owned by MROSD, are located in Santa Cruz County, and are parts of preserves owned and maintained by the District. Although the District currently provides services in the Loma Prieta Ranch and the southern portion of Bear Creek Redwood Open Space Preserve as part of its general services in these preserves, since neither of the territories are currently in the District's SOI their annexation to MROSD is premature. It is recommended that once MROSD chooses to pursue annexation of the two areas discussed here, the District should apply to Santa Clara LAFCO for annexation and a related SOI update. At which time, Santa Clara LAFCO will process the annexation and SOI update according to adopted policies, ensuring proper coordination with Santa Cruz LAFCO.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT SERVICE REVIEW DETERMINATIONS

Growth and Population Projections

- ❖ As of 2010, Midpeninsula Regional Open Space District (MROSD) had approximately 705,528 residents, based on 2010 Census data.
- ❖ Based on growth projections founded on Association of Bay Area Governments (ABAG) for the area, the average estimated growth for MROSD between 2010 and 2035 is 12 percent; it is anticipated that the District's population will be 790,192 by 2035.

Location and Characteristics of any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

- ❖ There are no disadvantaged unincorporated communities within or adjacent to the District's service area based upon mapping information provided by the State of California Department of Water Resources. However, given the large size of the defined community in the census data used, it cannot be discounted that a smaller community that meets the required income definition and has 12 or more registered voters may exist within or adjacent to the District.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ The four major factors influencing service demand for MROSD are population growth, the range of open space opportunities and amenities offered by the District, distance to population centers, and constituent outreach.
- ❖ As reported by MROSD, its demand for services has been continuously increasing as people are moving into the Bay Area urban centers for high-tech jobs, and more people are aware of the District's open space opportunities, due to MROSD's extensive constituent outreach efforts. In addition, the District is constantly improving and adding amenities and trails to its preserves.
- ❖ MROSD conducted visitor count surveys from 2007 through 2010 by preserve, the results of which confirmed the presumption of increased demand.
- ❖ MROSD has not yet submitted its budget to the County for FY 14. The District has submitted its audit to Santa Clara County for FY 11-12.
- ❖ The District adopted a capital improvement plan (CIP), with a planning horizon of three years, which is updated annually. Projects scheduled to be completed between FYs 13-14 and 16-17 are estimated to cost about \$15.3 million, excluding the projects for which the cost is yet to be determined.

- ❖ Based on open space acreage per 1,000 residents, condition of open space preserves and amenities, operating expenditures per acre of land maintained, acres of land maintained per FTE, number and variety of open space opportunities offered, and challenges to adequate service provision, the District's provision of services appears to be adequate.

Financial Ability of Agency to Provide Services

- ❖ The District reports that current revenues are adequate to maintain the existing level of service, but growth in the District's operating expenses continues to outpace revenue growth. MROSD is in need of new funding sources.
- ❖ Potential new revenue sources include a parcel tax, general obligation bonds, fees for services, and new contracts for services.
- ❖ Over the past three fiscal years (FYs 09-10 to 11-12), district expenditures have exceeded revenues in each year.
- ❖ The District's revenue largely comes from property taxes and grants. In FY 11-12, the District received 65 percent of its tax revenue from Santa Clara County and 35 from San Mateo County.
- ❖ MROSD has budgeted \$5.5 million for capital expenditures in FY 12-13.
- ❖ The District reported that it had a goal of keeping a minimum of about \$5 million as its undesignated fund balance. At the end of FY 12, the District had an unrestricted fund balance of \$42.7 million.

Status and Opportunities for Shared Facilities

- ❖ The District works to form a continuous greenbelt of permanently preserved open space by linking its lands with other public parklands.
- ❖ The District participates in cooperative efforts, such as the Bay Trail, Ridge Trail, and Skyline-to-the-Sea Trail, which are regional trail systems in the Bay Area that include district lands.
- ❖ MROSD manages Rancho San Antonio County Park as the result of an Operations and Management Agreement with the Santa Clara County Parks and Recreation Department.
- ❖ The District is working in partnership with the City of East Palo Alto on the formation of Cooley Landing Park, which is partially located in Ravenswood Open Space Preserve.
- ❖ Deer Hollow Farm is owned by MROSD but operated by the City of Mountain View Recreation Department with staff assistance from MROSD, a grant from Santa Clara County, and support from the Friends of Deer Hollow Farm.

Accountability for Community Services, Including Governmental Structure and Operational Efficiencies

- ❖ The District generally demonstrated accountability and transparency with regard to governance by adopting a mission statement, adopting an annual budget prior to the start of the fiscal year, publishing agendas for public meetings as legally required, filing Form 700 Statements of Economic Interest with the County of San Mateo, completion of ethics training by all board members, and by maintaining a website where information is made available to the public.
- ❖ The District is meeting its filing requirements for Form 700s as outline in its conflict of interest code. However, as a courtesy MROSD should ensure that it submits copies of its forms with each of the counties in which it has territory.
- ❖ MROSD has Rules of Procedure that provide a framework and direction for district governance and administration. Included in the Operating Rules and Procedures, are policies on code of ethics and conduct, public records requests, and Brown Act requirements as related to the Board open and closed meetings. The District has adopted a conflict of interest code, as required by law.
- ❖ One governance structure alternative for MROSD was identified, which included annexation of the portion of the Sierra Azul Open Space Preserve located within MROSD's SOI to the District to align its boundary with the sphere of influence.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT SPHERE OF INFLUENCE UPDATE

Existing Sphere of Influence Boundary

The District's SOI is generally coterminous with its boundary, except for the southernmost portion, which includes the unincorporated lands of the Sierra Azul Open Space Preserve.

Recommended Sphere of Influence Boundary

In the course of this services review, three sphere of influence options were identified: 1) extend the SOI to include the southern portion of Bear Creek Redwoods Open Space Preserve, 2) extend the SOI to include Loma Prieta Ranch, and 3) reaffirm the current SOI.

The southern portion of the Bear Creek Redwoods Open Space Preserve is located in Santa Cruz County and is currently outside of the District's boundaries and SOI. MROSD expressed interest in extending its SOI to include the entire preserve and eventually annex the territory to better reflect its service area. Bear Creek Redwoods Open Space Preserve is already owned by MROSD in its entirety.

Similarly, the District also reported that it was interested in expanding its SOI to include Loma Prieta Ranch, which is located in Santa Cruz County between Sierra Azul Open Space Preserve in Santa Clara County and the Forest of Nisene Marks State Park in Santa Cruz County. The Ranch is currently owned by the MROSD and was added to Sierra Azul Open Space Preserve, as it is adjacent to the preserve. The District's plan is to include the Ranch in its boundary area and make the property a part of a long-term future regional trail connection.

Santa Clara LAFCO has policies regarding how to process proposals outside of Santa Clara County for agencies for which it is the principal LAFCO. Santa Clara LAFCO recognizes the need to collaborate on a regional level when considering a change of organization of a district that affects another county. In order to further this collaboration and assure thorough and consistent consideration of applications affecting more than one county, Santa Clara LAFCO will do one of the following:

- ❖ When requested by a LAFCO of an affected county, consider and determine on a case-by-case basis whether it is appropriate to transfer jurisdiction to the LAFCO of the affected County.
- ❖ Santa Clara LAFCO will 1) accept an application (which meets the application requirements of both LAFCOs) from the agency in question, 2) forward a copy of the application to the LAFCO of the county containing the subject territory, 3) consult with the staff of the affected LAFCO, 4) accept a written recommendation from the affected LAFCO to be included in the Santa Clara LAFCO Executive Officer's report for consideration at a public hearing, 5) the Commission will consider the Executive Officer's report, the recommendation of the LAFCO containing the subject territory and the comments of affected individuals and agencies in making its determination,

and 6) forward any resolutions and written report of Commission action to the LAFCOs of the affected county.

It is recommended that once MROSD chooses to pursue annexation of the two areas discussed here, the District should apply to Santa Clara LAFCO for annexation and a related SOI update. At which time, Santa Clara LAFCO will process the annexation and SOI update according to adopted policies, ensuring proper coordination with Santa Cruz LAFCO. Consequently, it is recommended that Santa Clara LAFCO reaffirm MROSD's SOI at this time.

Proposed Sphere of Influence Determinations

The nature, location, extent, functions, and classes of services provided

- ❖ Midpeninsula Regional Open Space District (MROSD) owns and manages over 62,000 acres of land in 26 open space preserves, 24 of which are open to the public. The District operates in three counties—Santa Clara, San Mateo and Santa Cruz.
- ❖ MROSD purchases, permanently protects, and restores lands forming a regional open space greenbelt, preserves unspoiled wilderness, wildlife habitats, watershed, viewshed, and fragile ecosystems, and provides opportunities for low-intensity recreation and environmental education.
- ❖ MROSD provides services throughout the District and outside of its boundaries, specifically in the southern part of its SOI where MROSD owns and operates Sierra Azul Open Space Preserve, in the southern portion of Bear Creek Redwoods Open Space Preserve and Loma Prieta Ranch which is a part of Sierra Azul Open Space Preserve located in Santa Cruz County.

Present and planned land uses in the area, including agricultural and open-space lands

- ❖ The County is the land use authority for the unincorporated areas. Cities are the land use authorities within the respective city boundaries. The District contains a wide range of land uses, from all types of urban uses to large areas of hillside, open space, and agricultural uses.
- ❖ Land use plans in the County and its cities include land uses and population growth, which will require continued open space and resource management services.
- ❖ Open space services do not induce or encourage growth, but protect agricultural and open space lands. No impacts upon Williamson Act protected land will occur.

Present and probable need for public facilities and services in the area

- ❖ The four major factors influencing service demand for MROSD are population growth, the range of open space opportunities and amenities offered by the District, distance to population centers, and constituent outreach.
- ❖ As reported by MROSD, its demand for services has been continuously increasing as people are moving into the Bay Area, more people are aware of the District's open space opportunities, and the District adds additional amenities and trails.

- ❖ The population of the District is anticipated to increase by about 12 percent by 2035. There is present and anticipated continued need for the District's services as the population of the area continues to increase and urban areas continue to grow.

Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

- ❖ Based on open space acreage per 1,000 residents, the condition of open space preserves and amenities, operating expenditures per acre of land maintained, acres of land maintained per FTE, the number and variety of open space opportunities offered, and challenges to adequate service provision, it appears that MROSD provides adequate services.
- ❖ MROSD conducted visitor count surveys from 2007 through 2010 by preserve, the results of which showed that the District's service demand has increased over the years.
- ❖ The District's current revenues are adequate to maintain the existing level of service, but growth in the District's operating expenses continues to outpace revenue growth. MROSD is in need of new revenue sources.
- ❖ No significant accountability, administrative, operational, financial, or infrastructure deficiencies were identified. The District generally demonstrated accountability and transparency.
- ❖ MROSD has not yet submitted its budget to the County for FY 14, as legally required.
- ❖ The District identified multiple infrastructure needs, which it is planning on addressing in the next three years.
- ❖ MROSD attempts to increase the capacity of its facilities through collaboration and facility sharing with other agencies.

Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency

- ❖ MROSD serves the residents of the District and of the Bay Area by providing open space and conservation services. All area visitors also benefit from services provided by the District.