



Midpeninsula Regional  
Open Space District

R-18-147  
Meeting 18-41  
December 6, 2018

## AGENDA ITEM 1

### AGENDA ITEM

Annual Board of Director's Retreat – Strategic Planning Meeting 1 (Environmental Scan, FOSM 5-Year Staffing Projections, and Strategic Plan Goals and Objectives Review)

### GENERAL MANAGER'S RECOMMENDATIONS

1. Review the Financial and Operational Sustainability Model (FOSM): implementation of recommendations to-date and re-forecasted staffing projections for the next five years (Fiscal Years 2019-20 through 2023-24).
2. Review the annual Environmental Scan Report.
3. Review, update if needed, and adopt the Fiscal Year 2019-20 Strategic Plan Goals and Objectives to meet emerging opportunities and challenges, and guide the development of the Fiscal Year 2019-20 Budget and 3-year Capital Improvement and Action Plan.

### SUMMARY

Each year, the Board of Directors (Board) holds two retreats to kick-off the annual budget process. For the Fiscal Year (FY) 2019-20 budget development cycle, these retreats are scheduled on Thursday, December 6, 2018 and Thursday, February 28, 2019. On December 6, 2018, the Board will review and discuss the following items:

- Status update of the 60 recommendations from the Financial and Operational Sustainability Model (FOSM), including re-forecasted staffing projects for the next five years (Attachment 1);
- The Environmental Scan Report, which is prepared annually to inform any updates to the Strategic Plan Goals and Objectives (Attachment 2);
- Formation of a Science Advisory Panel (discussed in a separate Agenda Report, see Agenda Item 2) that would provide expert, science-based input on specific projects and policy development; and
- Progress to date on fulfilling the FY2018-19 Strategic Plan Goals and Objectives, and any language revisions to finalize and adopt the new FY2019-20 Strategic Plan Goals and Objectives (Attachments 3 and 4).

This annual Board Retreat Meeting 1 (Strategic Planning) provides the Board with an early opportunity to set the District's overall course for the coming year at a broad policy level. It also provides the framework for Board Retreat Meeting 2 (Priority Setting) scheduled on February 28, 2019. At this future meeting, the Board will discuss and confirm District-wide priorities for

the next fiscal year to guide the Budget and Action Plan development ahead of detailed budget presentations to the Action Plan and Budget Committee (ABC), which begin in early May 2019.

## **DISCUSSION**

### **Financial and Operational Sustainability Model (FOSM) Review**

In 2015, the Board accepted the comprehensive FOSM study (R-15-82) as a high-level framework for guiding the future organizational structure and growth of the Midpeninsula Regional Open Space District (District). This study was implemented at a critical time in the District's history, following completion of the Vision Plan and the successful passage by the voters of Measure AA to fund priority Vision Plan capital projects.

#### *Status of FOSM Recommendations*

The FOSM lists sixty (60) recommendations (Attachment 1) to support a District-wide organizational shift from one of acquisition to one of long-term operational sustainability. To date, 78% (47) of the recommendations are complete, including the following major organizational restructuring components:

- Alignment of finance and administrative services within a single business line under the leadership of a CFO/Director of Administrative Services;
- Centralization of information systems and technology under one manager that reports to the CFO;
- Formation of an Engineering and Construction department that together with Planning and Real Property reports to a single Assistant General Manager;
- Splitting of the Operations department into two departments;
- Alignment of the new Visitor Services and Land and Facilities departments with the Natural Resources department under a single Assistant General Manager; and
- Moving Public Affairs into the General Manager's office.

An additional 20% of the recommendations (12) are well underway, with only 2% (1) yet to start. Attachment 1 includes a summary of the FOSM recommendations with status updates organized by business line.

#### *Staffing Projections*

The FOSM also includes staffing projections to support the District's organizational shift. Two distinct time periods, each with specific staffing projections, are identified (see Table 1). A total of 51 new positions are identified between 2015 and 2020 (first five years), and up to an additional 53 positions are identified between 2020 and 2045 (next 25 years).

**Table 1**

Business Line	Departments	Projected Increase by 2020	Projected Increases 2020 to 2045	Total Projected Increased
Project Planning and Delivery	Eng'g and Construction, Planning, and Real Property	10 to 13	TBD	10 to 13+
Visitor and Field Services	Natural Resources, Visitor Services, and Land and Facilities	20 to 25	37 to 45	57 to 70
Finance and Administrative Services	Finance/Budget, Human Resources, and Info and Systems Tech	9 to 11	6 to 8	15 to 19
Office of the General Manager		2	0	2
<b>Projected Staffing Increase (Range)</b>		<b>41 to 51</b>	<b>43 to 53</b>	<b>84 to 104</b>

All 49 Board-approved positions added since FY2014-15 have been tracked and the grand total remains consistent with FOSM staffing projections, as shown in Table 2 below.

**Table 2**

Business Line & Positions Added	2014/15	2015/16	2016/17	2017/18	2018/19	Positions approved to date through June 30, 2019	FOSM Projected Growth by 2020	Remaining FOSM Projected Positions Through 2020
Planning and Project Delivery	2	2	3	3	0	10	10 to 13	0 to 3
Visitor and Field Services	7	2	15	0	3	27	20 to 25	-2
Finance and Administrative Services	0	4	4	0	1	9	9 to 11	1 to 2
General Manager's Office	1	1	1	0	0	3	2	-1
<b>Total</b>	<b>10</b>	<b>9</b>	<b>23</b>	<b>3</b>	<b>4</b>	<b>49</b>	<b>41 to 51</b>	<b>1 to 2</b>

Staff reviewed the FOSM staffing projections for the next 25 years to identify the anticipated staffing allocations by business line for the upcoming five years (FY2019-20 through FY2023-24). This review considered the factors and assumptions embedded in the FOSM and the anticipated growth in acreage, new facilities, and new publicly accessible lands over the next five years. The new 5-year staffing projection is shown in Table 3 and remains in-line with FOSM.

**Table 3**

Business Line	Remaining FOSM Projected Positions Through 2020	Five-Year Total (FY2019-20 through FY2023-24)	FOSM Projected Growth between 2020 to 2045	Remaining FOSM Projected Positions Through 2045*
Planning and Project Delivery	0 to 3	2	TBD / 4**	0 to 5**
Visitor and Field Services	-2	20	37 to 45	15 to 23
Finance and Administrative Services	1 to 2	4	6 to 8	4 to 6
General Manager's Office	-1	0	0	-1
<b>Total</b>	<b>1 to 2</b>	<b>26</b>	<b>43 to 57</b>	<b>18 to 33</b>

\*Cumulative from acceptance of FOSM report in 2015 through 2045.

\*\*The FOSM identified Planning and Project Delivery growth as *To Be Determined* (TBD) from 2020-2045. Based on recent evaluations (including review of original FOSM assumptions, external trends, and increasing project complexity), staff expects limited growth of approximately 4 positions in this business line in the next 20 years; this number will be evaluated periodically.

Per discussions with the Controller and his 30-Year Cash Flow Model, these projections are affordable in the long-term provided that the tax growth averages at least 4% per year during this same 5-year period. Any new position would be recommended to the Board for approval as part of the annual Budget and Action Plan development process. As part of each new position request, the Board would receive a description of the job duties, a rationale for the position and added capacity, a fiscal impact analysis, and a finding of the long-term affordability.

The FOSM notes that “the greatest area of growth over time will be in Visitor and Field Services” to manage the increase in total acreage, acreage open to the public, trail miles, and increased visitation due to the delivery of Measure AA projects. Anticipated projects that would increase staffing demands in the next five years include the opening of Bear Creek Redwoods Preserve, opening the Purisima-to-the-Sea trail corridor, and potential key acquisitions totaling over 12,000 acres. It is important to note that actual staffing growth will depend on the timing and pace of these projects and new acquisitions.

The FOSM recognizes that the staffing projection “is a reasonable best estimate given the many factors that may alter the trajectory of the District over 30 years.” Two growing areas of concern that have emerged as the District has ramped up its project delivery pace relate to increasing demands for *preserve maintenance* and *resource management work*, including restoration work to mitigate impacts from capital projects. In particular, to keep up with restoration/mitigation demands, the District currently outsources approximately \$900,000 of work per year, and these costs are projected to increase. The General Manager will be tracking these costs and evaluating the cost-benefit of shifting the work to in-house crews or using other sources of labor.

### **Strategic Plan Goals and Objectives: Opportunities and Challenges for FY2019-20**

The Board adopted a comprehensive Strategic Plan in 2011 (R-11-96) to provide a high-level framework for guiding the District’s implementation of its mission. Each year, the Board reviews, makes edits as necessary, and adopts the Strategic Plan Goals and Objectives for the following fiscal year to provide high-level direction for the upcoming Budget and Action Plan.

#### Environmental Scan

Staff will present the results of an Environmental Scan Report (Attachment 2) and discuss the strengths, challenges and barriers, and opportunities facing the District as it looks forward to FY2019-20. The environmental scan includes significant internal and external conditions, data, and factors that may influence the efficiency and effectiveness of the organization’s operations, services, and project delivery. The annual environmental scan informs any Board revisions to, or affirmation of, the Strategic Plan Goals and Objectives for FY2019-20 (Attachments 3 and 4).

Below is a summary of high-level themes and findings from the environmental scan:

- The District remains focused on delivering Vision Plan and Measure AA projects.
- Work is underway on 19 of 25 Measure AA Portfolios.
- The District remains in a strong financial position with recently affirmed AAA Bond Ratings by Standard and Poor’s and Fitch Ratings Service.
- Project complexity, and therefore costs, are increasing.
- The continued booming economy and high demand for labor and materials are driving construction costs up.

- The continued increase in housing costs and difficult traffic conditions warrant creative solutions and new partnerships to mitigate local and regional impacts, reduce carbon emissions, and promote regional environmental sustainability.
- Extreme weather patterns are the new normal. Enhanced and expanded resiliency practices, systems, and policies will allow the District to better prepare, respond, adapt, and rebound from climate change impacts and minimize disruptions to ongoing operations, services, and project delivery.
- Continued monitoring of state and national policies, such as the new federal tax rules, is important to maintain the long-term financial sustainability of projects and programs.
- Midterm elections and changes in state and local representation emphasize the need for relationship building with newly elected officials to communicate the District's critical role in protecting water quality and supplies, reducing human impacts from wildfires and climate change, and advancing conservation goals to sustain our region's life support system.
- High visitation at newly opened public access locations and the anticipation of opening new public areas is increasing the pressure and demand on field personnel.
- Recruitment and retention of employees continues to be a key focus for the organization; the record high job market may affect staff turnover and/or command new employee salaries at mid or top salary ranges. These factors coupled with the high cost of living and difficult commutes warrant ongoing staff retention strategies.
- New leadership at all levels and new incoming staff present an opportunity to energize the organization and bring in new perspectives, ideas, and solutions.

### Strategic Plan Goals and Objectives

Each year, the Board reviews and affirms, and if needed updates, the Strategic Plan Goals and Objectives to provide high-level direction for developing the upcoming fiscal year Budget and Action Plan. Based on the results of the 2018 environmental scan, several revisions are recommended for the FY2019-20 Strategic Plan Goals and Objectives as follows:

- Delete *Strategic Goal 1, Objective 1 – Review, and if needed refine, the District's Vision Plan*
  - Staff reviewed the Vision Plan with the Board on November 15, 2017 (R-17-124) and the Board made no refinements. Therefore, deletion of this objective is recommended for FY19-20.
- Add a new objective under Goal 1: *Work with fire agencies and surrounding communities to strengthen the preparation for and response to wildland fires.*
  - This new objective responds to the increasing need for greater preparation of potential recurring catastrophic fires in California.
- Add a new objective under Goal 3: *Build state of readiness for potential disruptions by completing a risk assessment and creating a business continuity plan.*
  - This new objective emphasizes the need for the District to be well prepared for withstanding and/or rebounding from major or local emergencies, thereby avoiding major disruptions to operations and service/project delivery.

Attachment 3 presents the adopted FY2018-19 Strategic Plan Goals and Objectives. A redlined version for consideration is presented as Attachment 4.

**FISCAL IMPACT**

Acceptance of the FOSM 5-Year Review and Environmental Scan Report, and adoption of the Fiscal Year 2019-20 Strategic Plan Goals and Objectives have no immediate fiscal impact. These actions will inform, together with Board confirmation of District priorities on February 28, 2019, the development of the FY2019-20 Budget and three-year CIAP for FY2019-20 through FY2021-22. Staffing projections included in this report are only preliminary. New positions would be recommended for Board approval as part of the annual Budget and Action Plan development process after reconfirming the long-term affordability according to the Controller's 30-year Cash Flow Model.

**BOARD COMMITTEE REVIEW**

This item was brought directly to the full Board given full Board interest and importance.

**PUBLIC NOTICE**

Public notice was provided as required by the Brown Act.

**CEQA COMPLIANCE**

This item is not subject to the California Environmental Quality Act.

**NEXT STEPS**

On February 28, 2019, the Board will confirm the District-wide priorities for the upcoming fiscal year. The outcomes of the December 6, 2018 and February 28, 2019 Board retreat meetings will guide the development of the Fiscal Year 2019-20 Budget and Action Plan, including the 3-Year CIAP.

**Attachments:**

1. FOSM 5-Year Review (FY2019-20 through FY2023-24)
2. Environmental Scan Report for FY2019-20
3. Adopted FY2018-19 Strategic Plan Goals and Objectives
4. Draft Updated FY2019-20 Strategic Plan Goals and Objectives

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<b>TOTALS</b>	<b>47</b>	<b>Complete</b>
	<b>12</b>	<b>Underway</b>
	<b>1</b>	<b>Not Started</b>
	<b>60</b>	<b>Total</b>

Line	Status	Number	Recommendation
Project Planning and Delivery	Complete	1	Develop mechanisms that periodically clarify and reinforce organizational priorities for staff, so that work can be planned and managed in alignment with those priorities.
	Complete	2	Develop a communication strategy to regularly provide information updates to the Board and public regarding project progress and results, and promote transparency to build public trust.
	Complete	3	Convene internal stakeholders to develop a refined, comprehensive project delivery approach that ensures proper oversight, clarity of roles, prioritization, predictability, and follow through.
	Underway	4	Integrate specialized functions, such as CEQA review, that play a critical role in project delivery and integrate them into the District's project delivery approach and identify procedural changes and methods of centralization that lead to greater consistency and efficiencies
	Complete	5	Complete a comprehensive requirements analysis and establish a plan to procure and implement a uniform Project Management System.
	Complete	6	Develop a consistent format for project budgets using a procured project management system that informs work planning and accounts for the total cost of project delivery, including staff time and indirect costs associated with administrative support functions and organizational overhead.
	Complete	7	Expand the list of pre approved, on-call consultants and contractors that can be available to support the District in its planning, engineering, construction, and project delivery functions.
	Complete	8	Review current contracting/bidding policies/practices to identify opportunities to streamline these policies/practices.
	Complete	9	Create an Engineering and Construction Department and hire an Engineering and Construction Manager to oversee the following project delivery functions: design, permitting and engineering; construction management; and Measure AA project delivery oversight.
	Underway	10	Meet with local jurisdictions to discuss opportunities to improve the permit processing time associated with certain types of permits.
	Underway	11	Create a Property Acquisitions Plan that clearly communicates District acquisition policies and goals that provides a road map for strategic land acquisition.
	Complete	12	Restructure the Real Property function to focus on land and property acquisition, and move the property management function to a Facilities division in the new Land and Field Services Department.

**FOSM 5-Year Review**  
**Board Retreat #1 | December 6, 2018**

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	<b>60</b>	<b>Total</b>

**Visitor and Field Services**

Line	Status	Number	Recommendation
	Complete	13	Establish a "visitor services" function of the organization to provide public facing services and activities. Restructure the organization to align docents, volunteers, and rangers to meet the array of visitor services.
	Complete	14	Separate the patrol and maintenance functions into two distinct organizational units, Visitor Services (for patrol staff) and Land and Facilities Services (for maintenance staff).
	Complete	15	Create Manager-level positions to lead the Visitor Services and Land and Facilities Services groups.
	Underway	16	Develop guiding policy similar to the East Bay Regional Park District Pipeline Program that requires District staff to develop estimates for start-up costs as well as ongoing maintenance, safety, and staffing costs for each development project or future land acquisition before the Board commits to the project or purchase.
	Complete	17	Purchase and implement a computerized maintenance management system (CMMS) and provide training on its use.
	Complete	18	Explore new reliable communication technology (i.e., email, voice and visual systems, tough books) to ensure field staff have the information and tools to effectively perform their job responsibilities.
	Complete	19	Establish a special projects/construction team that is dedicated to the delivery of special projects like trails construction.
	Not Started	20	Explore opportunities to partner with the private sector to provide existing staff with the capacity to address maintenance backlogs and deferred maintenance.
	Underway	21	Develop a field staff onboarding/ training program that outlines the variety of details and standards used for trails construction and maintenance work throughout the District.
	Complete	22	Maintain effective working relationships with local police and fire departments and as the District expands periodically evaluate automatic aid protocols and response.
	Complete	23	Develop a seasonal employment program for patrol work.
	Complete	24	Complete a Natural Resources Position Classification Study to ensure appropriate staffing types and levels are in place and recruited for in the future. (Underway)
	Complete	25	Expand grazing property management as a function of the new Land and Facilities Management department
	Complete	26	Create crews that focus on specific work functions and incorporate a rotational program that allows for continued professional growth and development of staff.
	Complete	27	Complete a facilities needs study to determine mid and long term field facility needs and investigate alternate maintenance facilities to accommodate future growth.
	Complete	28	Consolidate facility maintenance/property management into the Land and Facilities group.
	Underway	29	Create a facilities maintenance and improvement plan to guide work plans and inform financial decision making.

**FOSM 5-Year Review**  
**Board Retreat #1 | December 6, 2018**

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	<b>1</b>	<b>Not Started</b>
	<b>60</b>	<b>Total</b>

**Finance and Administrative Services**

Line	Status	Number	Recommendation
	Complete	30	Document the business and technology requirements for an integrated budget and cost accounting system that enables the District to perform 1) general ledger and fund accounting; 2) project accounting; 3) grant billing and reconciliation; and 4) grant documentation and organization.
	Complete	31	Create a Chief Financial Officer (CFO)/Director of Administrative Services executive level position responsible for the realigned administrative services functions to provide financial and other administrative services expertise and leadership in these areas within the organization.
	Complete	32	Develop a transition plan to shift financial responsibility and management for the District, including managing the Controller's fiscal model, from the part time Controller to the new CFO/Director of Administrative Services.
	Complete	33	Maintain the New World Systems financial software at or near the current release and continue to leverage the system to its full potential.
	Complete	34	Review, update, or develop financial management policies and procedures to enable appropriate, accountable, and fiscally sound decisions at the lowest possible level within the organization.
	Complete	35	Centralize the purchasing function within the Finance and Administrative Services Department.
	Complete	36	Develop and implement a Technology Strategic Plan to provide a roadmap for the District's short and long term implementation and management of technology.
	Underway	37	Implement an IT governance structure that promotes effective planning, priority setting, and accountability of District technology resources (staff, funding, hardware and software) with business priorities.
	Complete	38	Augment the existing IT staff with an IT Division Manager and an additional IT Specialist.
	Complete	39	Integrate the GIS Services group into a new Information Systems and Technology department to better reflect its District wide service role and augment existing GIS staff with one GIS specialist position.
	Underway	40	Develop and implement a formal technology disaster recovery plan sufficient to address protection from an area (not site specific) disaster.
	Complete	41	Implement a desktop management (help desk) solution to manage requests for technology to track, monitor, and report on help desk activities.
	Complete	42	Create a Special Projects Manager position to provide project management support for internal support systems (i.e., IST implementation plan, records management system, purchasing process and procedures).
	Complete	43	Establish a Human Resource management level position responsible for planning and meeting critical recruitment issues and sustaining a committed workforce.
	Complete	44	Hire interim, temporary, or contract Human Resources staff to meet the need for recruitment of positions on the organization's critical FOSM implementation path.
	Complete	45	Develop reclassification policies and procedures to streamline classifications and effectively respond to organization staffing needs.
	Complete	46	Reassign facility management responsibilities to Operations and develop a resource allocation plan which includes existing staff and contract services to maintain District facilities.
	Underway	47	Complete a facility master plan to address the District office and operational needs for the next decade.
	Underway	48	Complete a comprehensive requirements analysis and establish a formal project plan to procure and implement a document management system.

**FOSM 5-Year Review**  
**Board Retreat #1 | December 6, 2018**

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	<b>60</b>	<b>Total</b>

Line	Status	Number	Recommendation
Office of the General Manager	Complete	49	Assign the tactical implementation of special projects to skilled managers elsewhere in the organization.
	Complete	50	Establish a senior management analyst position that reports directly to the General Manager to monitor District project delivery, provide annual CIP project oversight.
	Complete	51	Increase the General Manager's spending authority.
	Complete	52	Locate the Public Affairs team within the General Manager's Office and establish expectations for the team to focus on both external and internal communication.
	Complete	53	Maintain existing staffing levels within the General Counsel's Office; as workload expands with Measure AA implementation and the growth of complex land risk management support over time.
	Underway	54	Assess the need for a centralized risk management function under the direction of a risk manager as the size and scale of District operations increases over time.
	Complete	55	Align the District's administrative services functions of finance, human resources, and information technology under a new Chief Financial Officer (CFO)/Director of Administrative Services.
	Complete	56	Ensure collaboration, effective communication, and project completion by having the managers of Real Property, Planning, and Capital Projects/Engineering report to the same Assistant General Manager.
	Complete	57	Align the field focused functions under the same Assistant General Manager to maintain open communication, shared resources, and a customer driven approach.
	Complete	58	Support effective Board and staff working relationships by defining clear roles and responsibilities and reviewing and updating policies and procedures that effect these interactions.
	Underway	59	Establish meeting management and delegation practices that ensure productive and meaningful results and utilize the expertise and skills of staff.
	Complete	60	Establish an internal and external communication strategy for FOSM Implementation.

**FOSM 5-Year Review**  
**Board Retreat #1 | December 6, 2018**

Business Line & Positions Added	2014/15	2015/16	2016/17	2017/18	2018/19	Positions approved to date through June 30, 2019	FOSM Projected Growth by 2020	Remaining FOSM Projected Positions Through 2020	Five-Year Total (FY2019-20 through FY2023-24)	FOSM Projected Growth between 2020 to 2045	Remaining FOSM Projected Positions Through 2045*
<b>Planning and Project Delivery</b>	2	2	3	3	0	<b>10</b>	10 to 13	0 to 3	<b>2</b>	TBD / 4**	0 to 5**
<b>Visitor and Field Services</b>	7	2	15	0	3	<b>27</b>	20 to 25	-2	<b>20</b>	37 to 45	15 to 23
<b>Finance and Administrative Services</b>	0	4	4	0	1	<b>9</b>	9 to 11	1 to 2	<b>4</b>	6 to 8	4 to 6
<b>General Manager's Office</b>	1	1	1	0	0	<b>3</b>	2	-1	<b>0</b>	0	-1
<b>Total</b>	<b>10</b>	<b>9</b>	<b>23</b>	<b>3</b>	<b>4</b>	<b>49</b>	<b>41 to 51</b>	<b>1 to 2</b>	<b>26</b>	43 to 57	18 to 33

\*Cumulative from acceptance of FOSM report in 2015 through 2045.

\*\*The FOSM identified Planning and Project Delivery growth as To Be Determined from 2020-2045. Based on recent evaluations (including review of original FOSM assumptions, external trends, and increasing project complexity), staff expects limited growth of approximately 4 positions in this business line in the next 20 years; this number will be evaluated periodically.

# FY2019-20 Environmental Scan Report

## Introduction

This report summarizes the annual Environmental Scan results, as the District looks forward, planning for FY2019-20.

Each year, District managers take time to reflect on its external and internal environments by answering a set of ten questions. The goal of this exercise is to identify any new trends that the District should be aware of, respond in a timely fashion and ideally, get ahead of to avoid potential challenges.

The Environmental Scan considers current and anticipated changes to the economy, political environment and local leadership, regulatory requirements, demographics, organization and workflow, and technology trends.

The key findings are presented below to inform Board discussion as they consider whether revisions to the annual Strategic Plan Goals and Objectives are warranted.

## Economy

A booming economy, which is a trend that is expected to continue in the near term, has resulted in increased competitiveness for construction in the Bay Area. Staff has noticed lower vendor availability and a higher cost of doing business. Fewer consultants and contractors are submitting proposals or bidding on projects and there have been several instances over the last year where there were no responders or only one respondent. If this continues and is exacerbated, the District can expect longer project timelines and higher project costs. Costs of services and supplies, including consulting services, will continue to increase.

Land values in the Bay Area have continued to rise. This trend has been the primary driver for increased property tax revenue. The total General Fund ad valorem property tax revenue estimate for FY2018-19 is 7.2% above FY2017-18. Median home prices have risen by nearly 13% in the past year alone, as the region's robust job market and growing population have increased the demand for the limited housing stock. Correspondingly, property tax revenues are projected to have a healthy growth rate of 3.5% annually for the next three years based on the District Controller's conservative 30-Year Cash Flow Model.

While this trend is primarily positive for District funding, it will may lead to an increase in rural/open space land acquisition costs and will increase both employee housing and District office space rental rates.

The current economy, including unemployment figures of under 3% for San Mateo and Santa Clara County, is supporting a competitive job market. The strong job market will likely affect

retention and recruitment in the coming year. This is discussed in further detail in the *Internal Organization and Workflow* section.

## Political Environment and Local Leadership

### Federal

Recent tariffs have the potential to impact material costs for construction as well as general consumer goods. Reduced funding of federal agencies has the potential to impact both responsiveness to permitting requests and the ability of federal agencies, such as Golden Gate National Recreation Area, to work on cooperative projects. Permitting is one of the primary factors outside District control that affects project timelines. In addition, federal environmental protection laws have been curtailed and federal grant funding opportunities are limited.

### State

The passage of Proposition 68 increases grant funding opportunities in the next four years. The District's Grants Specialist is exploring potential grants with staff to ensure a good fit with priority projects at the District. However, Proposition 3 (previously known as the Water Supply and Water Quality Bond Act of 2018) failed to pass in the November 2018 election, which would have generated additional opportunities for grant funds. Governor-elect Gavin Newsom will change the state's policy agenda and result in new state agency appointments.

### Local

Staff has experienced an increase in requests for District staff time and funding support for regional partner projects. This trend is expected to continue into FY2019-20 and beyond. Regional trail project examples include: POST Bay-to-Sea Trail, San Mateo County Parks' Ohlone-Portola Heritage Trail, and SF Public Utilities Commission's Bay Area Ridge Trail South Skyline Extension. In addition, the District will likely experience a growing need to coordinate priorities with partner agencies. Allocation of District resources to support regional projects, partner projects, and co-agency projects needs to be determined.

Following the November 2018 election cycle, local jurisdictions have newly elected officials in the area. The District will need to develop relationships with new state and local representatives and nurture existing relationships with incumbents. San Mateo and Santa Clara Counties have both hired new County Park Directors. Developing strong relationships with new local leadership is equally important.

## Regulatory Requirements

Regulatory permitting issues are extending the District's usual one (1) year of permitting to two (2) years due understaffed regulatory agencies. The District regularly faces a multitude of overlapping jurisdictional permitting processes at the local, county, state, and federal level that increase project costs and extend project delivery times. Legislation solutions are worth exploring to exempt the District from certain local and county permitting requirements in a

manner similar to California State Department of Parks and Recreation. State and Federal permits would still be necessary.

Occupational Safety and Health Administration (OSHA) regulations are evolving, requiring ongoing review and potential updating of District procedures, as well as ongoing training of staff. Regulatory and statutory changes highlight the need for well educated, trained, and specialized employees to carry out specific job duties and work assignments. These needs will continue to be reflected in recruitment activities.

Ongoing tracking and awareness of groundwater issues and regulatory changes are important for the District to manage its water resources and supplies.

### Demographics

The Bay Area has a very diverse population. Demographic trends include increases in the retired population, higher per capita income, more renters, highly educated people, and more foreign-born residents.

Visiting open spaces on the weekend is becoming more popular. While visitation has increased, the Preserve Use Survey demonstrates that some communities are unaware of District preserves or have difficulty getting to them.

### Internal Organization and Workflow

As the District increases public access to its preserves, two key factors to be aware of include a greater need for environmental mitigation, and increasing demands on field staff to manage and maintain District preserves.

Mitigation costs for public access projects have increased substantially. The maintenance of mitigation/restoration projects can take multiple years. New mitigation/restoration projects are anticipated as public access improvements are implemented. Due to limited staff capacity, most of these tasks have been contracted out.

Field staffing has grown significantly, however maintenance and patrol demands continue to rise due to high visitation, increasing acreage, increasing trail mileage, and new public access facilities. As additional preserves and trails are opened, the need for additional field staff will continue.

There has been some loss of institutional knowledge and momentum due to staff turnover. Many factors have contributed to staff turnover: an increase in retirements, a highly competitive job market, growing commute times, and high cost of living/housing.

Human Resources has noticed that recruitments pull many applicants, but typically, only a small number have relevant experience.

### Changing District Leadership

The District has seen significant changes in leadership in the last year. Changes include Ana María Ruiz as the new General Manager, a new General Counsel, and Assistant General Counsel, two new Assistant General Managers, a new Visitor Services Manager, and two new Board members. These changes will have a lasting impact on the District. This new leadership team should provide stable leadership for the next five years and beyond.

In the short term, changes in staff and Board members will effect momentum while everyone comes up to speed, and new leaders grow into their roles. At the same time, new leadership and new staff offer the opportunity of new ideas, solutions, and perspectives.

### Technology Trends

Local agencies, like the District, are expected to deliver more services through technology, and increase the transparency and availability of data.

Staff has placed significant effort, time, and attention on implementing and getting trained in using new technology, software and processes. These processes include OneDrive, SharePoint, Project Central, Capital Improvement and Action Plan (CIAP) process, and CityWorks maintenance management software. These all have the potential for increasing transparency, effectiveness and efficiency of the District. Given the amount of change that has occurred, the District should focus on successfully implementing items that are underway and cautiously limit initiating new IT items at this time.

Work that has been completed over the last few years has laid a strong foundation for future technological success. A document retention policy is needed to assist departments with the retention, purging, and digitizing of documents before the administrative office is relocated.

### Topical Trends

As staff looks forward into the next fiscal year, topics that should be considered as the Capital Improvement and Action Plan (CIAP) is developed include:

- Changes to Public Access:
  - Recent public access development (Mount Umunhum, Bear Creek Redwoods) have increased the District's profile and visibility to the general public. This creates higher expectations from the public at other preserves and pressure for more amenities (larger parking lots, benches, picnic tables).
  - Increased requests for electric bikes on trails.
  - Increased requests for drones at open space preserves.
- Operating Impacts:
  - Most agricultural and grazing tenants follow lease terms yet more monitoring is needed to ensure effective rangeland and agricultural lands management.

- Newly opened areas require much more active management and maintenance than closed areas, particularly in areas with high visitation like Mount Umunhum.
- Regional Impacts:
  - Potential increases in government spending in public transportation may be of benefit to the District.
- Financial Impacts:
  - Changes to government pensions and pension reform have had a positive impact on the District as the long term costs for PEPRAs members are significantly less than classic members. The District should continue to monitor pension reforms.
  - The grants program has already helped bring in funding for several projects and will continue to pay dividends into the future.



## Strategic Plan Goals and Objectives for Fiscal Year 2018-19

### Goal 1 – Promote, establish, and implement a regional environmental protection vision with partners

- Objective 1 – Review, and if needed refine, the District’s Vision Plan
- Objective 2 – Build and strengthen diverse partnerships to implement a collaborative approach to environmental protection on the Peninsula, South Bay and San Mateo Coast
- Objective 3 – Implement and communicate progress on projects that fulfill the District’s Vision Plan goals through reporting results and building partner relationships
- Objective 4 – Build and strengthen relationships with legislators to advocate environmental protection goals
- Objective 5 – Position the District to take a regional leadership role in promoting the benefits of open space and sustainable agriculture to the sustainability of our region and climate change resiliency

### Goal 2 – Connect people to open space and a regional environmental protection vision

- Objective 1 – Communicate the purpose of the regional environmental protection vision
- Objective 2 – Refine and implement a comprehensive public outreach strategy, including the engagement of diverse communities and enhanced public education programs
- Objective 3 – Develop and lead implementation strategies to accommodate an expanding public use of District preserves consistent with environmental protection vision

### Goal 3 – Strengthen organizational capacity to fulfill the mission

- Objective 1 – Provide the necessary resources, tools, and infrastructure, including technology upgrades and capacity building
- Objective 2 – Continuously improve recent process and business model changes to effectively and efficiently deliver Vision Plan projects and the District’s ongoing functions
- Objective 3 – Reflect the changing community we serve in the District’s visitors, staff, volunteers, and partners

### Goal 4 – Position the District for long-term financial sustainability to fulfill the District’s mission on behalf of the public

- Objective 1 – Continue to engage constituents for bond sales and via the work of the Bond Oversight Committee – “Promises made, promises kept.”
- Objective 2 – Pursue discretionary funding opportunities and partnerships to augment operating, capital, and bond funding sources
- Objective 3 – Ensure discretionary funding opportunities are available and successful through advocacy and education
- Objective 4 – Ensure large capital expenses are evaluated within the long-term financial model and remain financially sustainable
- Objective 5 – Ensure land acquisitions, including associated public access and land management costs, are evaluated within the long-term financial model and remain financially sustainable



## FY2019-20 Strategic Plan Goals and Objectives: Recommended Updates

Goal 1 – Promote, establish, and implement a regional environmental protection vision with partners

- ~~Objective 1 – Review, and if needed refine, the District’s Vision Plan~~
- Objective ~~2~~ 1 – Build and strengthen diverse partnerships to implement a collaborative approach to environmental protection on the Peninsula, South Bay and San Mateo Coast
- Objective ~~3~~ 2 – Implement and communicate progress on projects that fulfill the District’s Vision Plan goals through reporting results and building partner relationships
- Objective ~~4~~ 3 – Build and strengthen relationships with legislators to advocate environmental protection goals
- Objective ~~5~~ 4 – Position the District to take a regional leadership role in promoting the benefits of open space and sustainable agriculture to the sustainability of our region and climate change resiliency
- **Objective 5 – Work with fire agencies and surrounding communities to strengthen the preparation for and response to wildland fires**

Goal 2 – Connect people to open space and a regional environmental protection vision

- Objective 1 – Communicate the purpose of the regional environmental protection vision
- Objective 2 – Refine and implement a comprehensive public outreach strategy, including the engagement of diverse communities and enhanced public education programs
- Objective 3 – Develop and lead implementation strategies to accommodate an expanding public use of District preserves consistent with environmental protection vision

Goal 3 – Strengthen organizational capacity to fulfill the mission

- Objective 1 – Provide the necessary resources, tools, and infrastructure, including technology upgrades and capacity building
- Objective 2 – Continuously improve recent process and business model changes to effectively and efficiently deliver Vision Plan projects and the District’s ongoing functions
- Objective 3 – Reflect the changing community we serve in the District’s visitors, staff, volunteers, and partners
- **Objective 4 – Build state of readiness for potential disruptions by completing a risk assessment and creating a business continuity plan**

Goal 4 – Position the District for long-term financial sustainability to fulfill the District’s mission on behalf of the public

- Objective 1 – Continue to engage constituents for bond sales and via the work of the Bond Oversight Committee – “Promises made, promises kept.”
- Objective 2 – Pursue discretionary funding opportunities and partnerships to augment operating, capital, and bond funding sources
- Objective 3 – Ensure discretionary funding opportunities are available and successful through advocacy and education
- Objective 4 – Ensure large capital expenses are evaluated within the long-term financial model and remain financially sustainable
- Objective 5 – Ensure land acquisitions, including associated public access and land management costs, are evaluated within the long-term financial model and remain financially sustainable