



Midpeninsula Regional  
Open Space District

# Memorandum

DATE: December 12, 2018

MEMO TO: MROSD Board of Directors

THROUGH: Ana Ruiz, AICP, General Manager 

FROM: Carmen Narayanan, Budget & Analysis Manager

SUBJECT: Measure AA Fund Update

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## SUMMARY AND DISCUSSION

Measure AA is a \$300 million general obligation bond approved in June 2014 by over two-thirds of Midpeninsula Regional Open Space District (District) voters. The Measure AA authorization provides funding for the top 25 Vision Plan project portfolios. As of June 30, 2018, the District has expended \$49.2 million and issued \$95 million of the \$300 million authorization. Progress has been made in 20 of the 25 portfolios.

District staff met twice in November 2018 to discuss all 25 Measure AA portfolios, reviewing original bond language, assessing original funding allocations, and determining the status of each priority action within the portfolios. During these meetings, staff reviewed original fund allocations for each portfolio compared to progress made, to determine if any funds may be available to transfer between portfolios for addressing potential project funding gaps.

***Based on this assessment, reallocation of funds between portfolios is neither recommended nor requested at this time.***

Staff discussed each of the 25 portfolios in detail, identifying the approximate level of completion for the individual priority actions under each portfolio. Priority actions were assigned levels of completion from 0-25 percent, 25-50 percent, 50-75 percent, and 100 percent complete. Priority action status updates for each portfolio will be presented in the annual FY2017-18 Measure AA Bond Annual Accountability report, which the Board will receive later this month.

Staff also reviewed preliminary Measure AA funding options for the District's portion to fund the potential San Jose Water Company (SJWC) land acquisition, which was projected to be approximately \$28 million, as part of a funding/grants consortium. Staff had originally identified available funding within multiple portfolios (portfolios 18, 19, 21, 22, 23 and 25), pending Board approval. However, due to opportunistic land acquisition purchases since May 2018 and other capital projects underway, funding the SJWC land acquisition from these portfolios will not be sufficient and places undue stress on the funding availability within those identified portfolios.

Instead, at such time as transactions for the SJWC land acquisition may proceed, staff will propose to use portfolio 15 to fund the District's portion of the potential SJWC land acquisition. One of the main purposes for the portfolio, *Redwood Protection*, is consistent with the potential SJWC acquisition. Additionally, utilizing one single portfolio (15) will improve reporting and tracking of this transaction both internally and externally. With this change, there is no need to reallocate funds prematurely as portfolio 15 has sufficient funds available.

Portfolio 15 is a regional, non-site-specific portfolio. The ballot language for portfolio 15 reads:

*Regional: Redwood Protection and Salmon Fishery Conservation: Preserve additional open space as available. Protect and enhance redwood stands, mountain scenery, various habitats and steelhead salmon. (\$50,728,000)*

Graphically, this portfolio is represented by a star in the Pescadero Creek watershed in an attempt to centrally place the star in the redwood forest areas of the Santa Cruz Mountains. The portfolio applies to all redwood forests of interest within the District's larger jurisdiction, and thus can be a funding source for the potential SJWC land acquisition.

## **NEXT STEPS**

Periodically, staff will review Measure AA portfolios in detail. Discussions will include review of the original bond language, review of the original funding allocations, and determination of the status for priority action items within each of the 25 portfolios.

Staff will bring forward portfolio fund reallocation recommendations as needed to the Board, but not more than once per fiscal year, per the limits of the Measure AA Expenditure Plan.