



Midpeninsula Regional  
Open Space District

R-23-26  
Meeting 23-06  
February 22, 2023

## AGENDA ITEM 8

### AGENDA ITEM

Award of Contract to Baker Tilly to Refresh the 2015 Financial and Operational Sustainability Model

### GENERAL MANAGER'S RECOMMENDATIONS *den*

1. Authorize the General Manager to enter into a contract with Baker Tilly for a not-to-exceed base contract amount of \$209,900.
2. Authorize a contingency of 10% in the amount of \$20,990 to be reserved for additional tasks to complete the scope of work, bringing the total not-to-exceed contract amount to \$230,890.

### SUMMARY

Subsequent to voter passage of Measure AA in 2014, a General Obligation Bond authorizing \$300 Million in capital funds over the course of 30 years, the Midpeninsula Regional Open Space District (District) embarked on a Financial and Operational Sustainability Model (FOSM) study in 2015. The purpose of the FOSM study was to evaluate existing District workflow processes, staff capacity, and organizational structure to identify options that support the acceleration of high priority Measure AA-funded projects while continuing to carry out daily on-going District business in a financially prudent and sustainable manner. Among the recommendations, the 2015 FOSM provided detailed and measured staffing growth plans for the first five years, with broader projections out to 2045.

Given the expansion of programmatic needs not envisioned in 2015, and a desire to again rely on a more detailed short-term growth plan, the Board has requested a refresh of the FOSM study. After issuing a Request for Proposals (RFP) and conducting a mandatory pre-meeting, the District received one proposal for the FOSM Refresh: Baker Tilly (who acquired Management Partners), comprised of a team with the same principals who conducted the FOSM study in 2015. After reviewing the proposal, the General Manager recommends awarding the contract to Baker Tilly in the amount of \$209,900, with a 10% contingency, for a not to exceed total contract amount of \$230,890.

### DISCUSSION

#### Introduction

On June 3, 2014, voters approved Measure AA (MAA) authorizing the District to issue a \$300 Million General Obligation (GO) Bond over a 30-year timeframe to fund the implementation of capital projects from the top Board-approved 25 Vision Plan projects. Subsequent to the passing of the bond measure, the District engaged a consulting firm to develop the FOSM that has

shaped the organizational structure, staffing growth, and business systems to best position the District for meeting Measure AA commitments. The 2015 FOSM includes 60 recommendations and a detailed 5-year staffing growth plan with broader projections out to 2045. Of the 60 recommendations, 55 have been fully implemented; the remaining 5 are either underway or under further review.

Since 2015, project and program delivery has grown significantly, focused on the following:

- Implementing Measure AA projects, including opening new preserve areas and trails to the public;
- Addressing expanding operational needs, such as wildland fuel management, property management (e.g., leases), and maintenance and patrol of newly opened public areas and facilities;
- Growing the Interpretive and Education Program to expand environmental education opportunities for the public.
- Putting into place numerous new business systems for improved data management, tracking, and reporting (including for Measure AA), and to better support staffing growth (i.e., scalable) and the new hybrid work environment.

Moreover, the Board recently approved the acquisition of a wholly new additional preserve that will expand total District land acreage by 10% - an acquisition located adjacent to Pescadero, which is expected to close escrow in spring 2023.

Most of the land growth in the last five years has occurred on the San Mateo County coast, a geographic area that was annexed into the District's jurisdiction in 2004. The majority of future land growth is expected to continue on the coast. In 2021, the District prepared a Coastal Management Plan (CMP) to help guide staff growth on the coastside over the next five years to meet the new commitments. The CMP focuses on coastal lands and contains numerous assumptions that will be reviewed as part of the FOSM Refresh alongside the operational demands and needs that extend across the District's larger jurisdiction.

New emerging issues not previously or fully anticipated in the 2015 FOSM are also impacting District resources. Many of these have been triggered by a changing climate, requiring the District to expand its resources for addressing a heightened fire risk, securing new water sources given extended droughts, and establishing safe wildlife corridors to allow animals to move across the landscape in response to changing temperatures.

Broadly stated, the scope of the new 2023 FOSM Refresh is to build on the 2015 FOSM report; review and reassess the District's projected operational growth to meet current and emerging needs; and provide an updated report and revised projections to guide future organizational growth in a fiscally responsible manner.

#### RFP Process

The RFP was posted on December 21, 2022 on the online platform Periscope (fka BidSync). Five consulting firms were notified, including the three respondents from 2015: Management Partners (now Baker Tilly), LA Consulting, and CPS Consulting. The online platform reached 200+ consulting firms of all types. The detailed scope is provided in Attachment 1. A mandatory pre-meeting on January 9, 2023 was attended by Baker Tilly/Management Partners, LA

Consulting, and CPS Consulting, narrowing the field of possible respondents to three. By the deadline of January 26, only Baker Tilly provided a proposal. After reviewing the proposal and discussions with the firm, the General Manager recommends awarding the contract to Baker Tilly. The project would be led by Baker Tilly's Andy Belknap as Project Director and Nancy Hetrick as Project Manager, supported by an extensive project team. Both Andy and Nancy were the managers of the 2015 FOSM, providing continuity for this second phase of work. Their prior work will allow them to also proceed swiftly, given their strong knowledge of the District.

Results and recommendations from the FOSM Refresh will be considered by District management, reviewed and validated by the Controller to confirm financial sustainability, and inform the General Manager's organizational improvement recommendations to the Board of Directors (Board). The Board is highly invested in this report and will receive a presentation of the final findings and the recommended organizational improvements and growth projections.

### **FISCAL IMPACT**

The adopted FY23 budget includes \$30,000 for the FOSM Refresh through June 2023. The balance of the contract will be included in the FY24 budget.

### **PRIOR BOARD AND COMMITTEE REVIEW**

No prior board or committee review of this agenda item.

### **PUBLIC NOTICE**

Public notice was provided as required by the Brown Act.

### **CEQA COMPLIANCE**

No compliance is required as this action is not a project under the California Environmental Quality Act.

### **NEXT STEPS**

If approved, the General Manager will enter into a contract with Baker Tilly. Final contract signature is subject to meeting all District requirements, such as providing evidence of insurance coverage. Work is estimated to commence in March 2023 with initial actionable recommendations available by Fall 2023, followed by a final report to the Board.

Attachments:

1. Scope of Work

Responsible Department Head / Prepared by:

Stefan Jaskulak, Chief Financial Officer/Director of Administrative Services

## **FOSM Refresh Scope of Work**

The scope of work below would be further refined and confirmed as part of final negotiations prior to fully executing the recommended contract. If contract award is approved by the Board, these final negotiations would occur at the end of February/early March with final contract execution by end of March to commence work in April.

### **1) *Review the Organizational Structure***

The current organizational structure was implemented based on recommendations from the original FOSM report. This structure has been in place for approximately seven years. In light of past Midpen growth and the additional/expanded tasks and functions Midpen performs, the organizational structure needs to be revisited and reviewed for its optimal effectiveness and efficiency and, if applicable, optional improvements proposed.

### **2) *Examine if there are existing positions that can be repurposed***

While reviewing the Midpen-wide and business line/departmental structures, examine existing positions for their effectiveness and alignment, and where applicable, recommend what positions to consider repurposing/reassigning or realigning.

### **3) *Review if additional positions should report directly to the board***

Per the enabling legislation, Midpen has the positions of General Manager, General Counsel, and Controller report directly to the Board of Directors. Based on peer review of similar organizations in size, mission, or structure, should any additional positions report directly to the Board versus the General Manager?

### **4) *Review assumptions and projections of the Coastal Management Plan (CMP)***

In light of Midpen's significant expansion in the San Mateo County Coast over the past 5-7 years, staff developed the five-year CMP to identify near-term operational needs for coastal properties and the staffing/facility recommendations to meet these emerging needs (see attachment 4). The CMP includes specific assumptions and projections for staffing levels for the Natural Resources, Land & Facilities, Visitor Services, and Planning Departments. These assumptions need to be reviewed and, if needed adjusted, and the projections validated. In addition, these assumptions and projections should be evaluated to determine if the added capacity can also address needs in other areas of Midpen's jurisdiction, or whether additional staffing is further needed to meet needs in these other geographic areas.

### **5) *Review assumptions and projections of Docent and Volunteer Management Plan***

As part of Midpen opening additional preserves to the public, and the increased demand for docent-led hikes, volunteer efforts for certain projects, etc., Midpen developed a Docent & Volunteer Management Plan (see attachment 5). The Docent & Volunteer Management Plan has assumptions and projections for staffing levels and docent and volunteer engagement for programs managed by the Visitor Services Department. These assumptions need to be reviewed and, if needed, adjusted, and the projections validated.

### **6) *Review if certain contracts should be insourced***

Midpen has outsourced certain tasks and expertise via consultants and contractors. Whereas some are more related to specialized expertise and knowledge that Midpen does not need on staff full-time, certain other tasks have grown to encompass multiple, multi-year contracts

that may be able to be handled more efficiently and cost-effectively by in-house crews and staff. A large part of this work is vegetation related for restoration and fuels management and includes both initial large-scale work and ongoing annual maintenance of the initial work sites. An evaluation of the cost of these contracts, including the cost to manage the contracts, versus in-house crews and staff plus equipment, as well as the timing of the work, is requested for efficiency and effectiveness, as well as organizational integration.

**7) *Evaluate MAA progress and timeline to ensure delivery of commitments by 2044***

In 2014, voters approved Measure AA, an authorization to issue \$300 million of bonds within 30 years to accomplish the top 25 portfolios of Vision Plan projects. Approximately \$80 million has been expended to date with several Measure AA Portfolios completed. An evaluation of the rate of progress in implementing the projects and completing the portfolios is warranted to confirm whether Midpen has sufficient staffing and other resources to accomplish all the commitments and expend the bond proceeds by 2044. If issues are identified, provide recommendations that will position Midpen to ensure full accomplishment per the bond schedule.

**8) *Evaluate Property Management, Facilities Management, and Fleet Management Programs***

Review the property, facilities, and fleet management programs to determine proper staffing levels, capacity and organizational structure to manage the increasing demands on these programs. Include an evaluation for expanded outsourcing versus insourcing and recommendations to cost effectively and successfully address the increasing demands. Major elements of property management for evaluation are conservation grazing and other agricultural leases, non-grazing agricultural leases, residential leases, and easement monitoring. Facilities management is limited to staff facilities and assisting the property management program.

**9) *Evaluate the Integrated (IPM) Pest Management Program and Wildland Fire Resiliency Program***

Review the IPM and the Wildland Fire Resiliency Programs to determine proper staffing levels, capacity, and organizational structure to manage the increasing demands of both programs. Include an evaluation for outsourcing versus insourcing and recommendations to cost effectively and successfully address the increasing demands. Consider that at this time, Midpen is able to secure significant grant dollars to conduct the work given heightened public concerns regarding fire risk. In an economic downturn or if other issues rise in priority, these funding streams may no longer supply Midpen with the same amount of support funding in the future. (Cal Coastal WFRP assessment review)

**10) *Effective deployment of organizational resources across Midpen's geographic spread***

Midpen manages and operates from several locations: Administrative Office (AO) in Los Altos, Foothills Field Office (FFO) in unincorporated Santa Clara County, Skyline Field Office (SFO) at the border of San Mateo and Santa Clara County, South Area Field Office (SAO) in Campbell, and Coastal Field Outpost (CAO) near La Honda. FFO, SFO, and SAO are the most established field offices, with the SAO newly constructed. The CAO operates as a small outpost with the intent to construct a regular, full-service coastal field office at a location to be determined in the near future. Are the resources at each field office deployed

effectively versus the geographic spread and demands on the Land & Facilities and Visitor Services Departments that exist within the various regions? Considering recent changes that improves videoconferencing for the field offices, and to a certain degree, from ranger vehicles, are there operational changes that Midpen can implement to maximize the deployment for each field office to address future staffing growth in the ranger and maintenance ranks?

***11) Develop composite metrics for NR, L&F and VS staffing levels***

The Midpen has three departments that are primarily involved in the ongoing operations and maintenance of the preserves: Natural Resources, Land & Facilities, and Visitor Services. Midpen needs metrics to manage staffing level growth commensurate with acquisition of additional lands and/or opening of additional preserves or trails as well as meeting demands for resource management, fuels management, and public access management. Rather than relying on single metrics, such as miles of trails or acres managed, composite metrics need to be developed for each of the departments that include acres and miles, but also take the geographic spread, increased fuel management needs, resources management needs, increases in visitation and more intensive use sites that require more management.

***12) Develop staffing growth projections for next 5, 10, and 30 years***

The 2015 FOSM report provided for staffing growth recommendations for the first 5 years (through 2020) and broader projections through 2045. For this update and Refresh of the FOSM, Midpen is interested in revised and refreshed staffing growth projections for the next 5 and 10 years, as well as broader projections out to 2053 to coincide with the 30-year financial model the Controller generates.

***13) Review Project Delivery Process***

One of the recommendations coming from the original FOSM study, to develop a Project Delivery Process (PPD) in support of Measure AA project implementation, was completed by Midpen in 2016. The PPD needs to be reviewed based on the current organizational structure and workflow to evaluate if any adjustments are recommended to optimize its effectiveness. This includes optimizing how projects move from one department to another (hand-offs) as projects flow from one phase to another (i.e., early planning and design to construction), offering the right project management tools, oversight, and training to keep projects on track, on budget, and meeting deadlines, and ensuring that there is a steady flow of projects moving into construction year after year to keep internal crews consistently busy. More specific questions include:

***a) Do we need a central Project Management Office (PMO) coordinator?***

Would Midpen benefit from a centralized PMO? If so, what would be the duties and the staffing requirements to ensure enhancement to the process and a value-added coordination.

***b) Pipeline bottlenecks*** – review the PPD for any bottlenecks or opportunities to improve the efficiency.

***c) Do we have the right balance and scale of Natural Resources projects (capital project support vs protection and restoration of natural resources)***

Review the organization and workload of the Natural Resources Department. Does the current structure and allocation of projects work to support NR regulatory permitting support of Measure AA and other time sensitive capital projects versus restoration and management of natural resources, particularly as this relates to the delivery of the mission to protect and restore natural environment and to PPD efficiency and effectiveness.

***14) Organizational improvements***

With recruitment and retention becoming more complicated in the aftermath of the pandemic, Midpen's classification grid appears to have certain limitations that complicate recruitment and retention.

- a) Classification grid* – review the grid structure (range and step) and provide suggestions for improvement based on best-practices.
- b) Standardization of classifications* – review the classification grid and provide suggestions for standardization of classifications augmented with business titles to improve flexibility and expedience when classifying new positions.
- c) Retention and recruitment Strategies*  
Review the recruitment process and propose strategies to enhance the recruitment process and improve retention.

###