



Midpeninsula Regional  
Open Space District

R-14-46  
Meeting 14-07  
February 26, 2014

## **AGENDA ITEM 6**

### **AGENDA ITEM**

Second Reading and Final Adoption of an Ordinance Calling an Election and Ordering the Submission of a Proposition for Incurring Bonded Indebtedness of Not to Exceed \$300 Million for the Purpose of Providing Public Access and Acquiring, Restoring and Preserving Open Space throughout the District, to the Qualified Voters of the Midpeninsula Regional Open Space District at the General Municipal Election to be Held on June 3, 2014

### **GENERAL MANAGER'S RECOMMENDATION**

A handwritten signature in black ink, appearing to be "G. G. G." or similar, written over the printed text of the section header.

Waive reading, read by title only, and adopt an Ordinance Calling an Election and Ordering the Submission of a Proposition for Incurring Bonded Indebtedness of Not to Exceed \$300 Million for the Purpose of Providing Public Access and Acquiring, Restoring and Preserving Open Space throughout the District, to the Qualified Voters of the Midpeninsula Regional Open Space District at the General Municipal Election to be Held on June 3, 2014.

### **SUMMARY**

The proposed ordinance would call an election in the District and request election consolidation services from Santa Clara, San Mateo, and Santa Cruz Counties.

The proposed ordinance would put before the voters the following question:

To improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of our region and coastline, critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk; shall Midpeninsula Regional Open Space District be authorized to issue up to \$300 million in bonds, at a tax rate not to exceed \$3.18 per \$100,000 of assessed value of property owned, with expenditures verified by an independent citizen oversight committee?

The proposed ordinance includes an "Expenditure Plan" detailing how the bond revenues would be used, provides for the creation of an Independent Citizen Oversight Committee, and includes other related elements as described further below.

### **DISCUSSION**

The Board conducted a first reading of the attached proposed ordinance at its meeting on February 12, 2014 (R-14-34). As noted at that time, an ordinance is the legal mechanism for the

Board of Directors to place a bond measure on the June 3, 2014 ballot. The draft ordinance is now being brought to the Board for a second reading and final adoption.

The ordinance contains the structure and framework of the proposed measure which, when paired with the District's proposed Expenditure Plan (Exhibit A to the ordinance), constitutes the formal commitment to voters and the public regarding the District's intentions with respect to funding and implementing Vision Plan Tier One Priority Actions. The Expenditure Plan is comprised of the capital improvement components of all of the "Tier One" priority actions approved by the Board at its meeting on January 29, 2014 (R-14-25). This is because general obligation bonds may only be used to fund capital improvements. The components of those priority actions which are not capital improvements will be funded by other means, such as non-restricted tax increments and grant funding as available.

### **Contents of the Ordinance**

The proposed ordinance defines and directs the following:

- a) The date of the election.
- b) The 75 word ballot question to be placed before the voters.
- c) The purpose of incurring the indebtedness.
- d) The intention of the Board to issue bonds in a metered fashion, calculated to ensure that the resulting property tax rate is not anticipated to exceed \$3.18/\$100,000 of assessed valuation.
- e) The use of the proceeds:
  1. Expenditure Plan
    - i. Includes descriptions of 25 priority actions (District Vision Plan Tier One Priority Actions as approved at the January 29, 2014 Special Meeting of the Board of Directors, R-14-25).
    - ii. Describes each priority action with an associated estimated total cost for completion (2014 dollars).
    - iii. Lists estimated cost (2014 dollars) for completion of all priority actions totaling \$300,000,000.
    - iv. Includes a map of the District with locations of the 25 priority actions.
  2. The requirement to prepare an annual accountability report pursuant to sections 53410 and 53411 of the California Government Code to ensure that bond proceeds are used for the specific purposes authorized in the ordinance and applied as described in the Expenditure Plan.
  3. Appointment of an Independent Citizen Oversight Committee to review annual expenditures of bond proceeds. It will be comprised of seven (7) at-large members, all of whom will be District residents.
  4. Provides a process for the Board to propose amendments to the Expenditure Plan which would require a two-thirds majority vote. Amendments would be developed in consultation with the Citizen Oversight Committee for instances where unexpected revenues and/or unforeseen circumstances impact the Expenditure Plan.
  5. Payment of legal and other fees and costs of issuance from bond proceeds.
- f) The maximum amount of bonds that may be issued under this authority totaling \$300,000,000.
- g) The maximum rate of interest that may be paid on the bonds (12%).
- h) The District's commitment to comply with other requirements of state law.

- i) The various instructions to the Counties regarding the form of the ballot and conduct of the election as required by law.
- j) The requirement for a 2/3 vote of the Board of Directors to place the matter before voters.
- k) The Tax Rate Statement.

The second reading and adoption of the proposed ordinance must occur prior to the deadline set by the County Elections Officials. To be effective, this proposed ordinance must be submitted to the Counties no later than March 7, 2014.

### **General Obligation Bonds, Tax Rate Statement, and Expenditure Plan**

The funding mechanism staff recommends through this ordinance is a voter approved, tax secured, general obligation bond. These are often referred to as “G.O. Bonds” or “capital improvement bonds.” The law governing our use of this option is rooted in the District’s enabling legislation. (Public Resources Code section 5568.) This funding mechanism allows the District to issue debt secured by property tax revenues. It has several advantages over other options in that general obligation bonds can be scaled to particular project goals and issued as projects become ready for funding. This is the lowest cost method available for capital financing. It is also particularly well-suited to an orderly, efficient implementation of the District’s Expenditure Plan.

The proceeds from G.O. Bonds can only be spent on “capital improvements.” In other words, they can only be used to finance “the acquisition and improvement of real property.” (California Constitution, Article XIII A, 1(b).) In the context of the District’s mission, this means that bond proceeds can be used for improvements to real property, such as those necessary to increase public access to District lands, other land improvements such as environmental restoration, and acquisition of real property.

The total amount requested for authorization by the voters is \$300 million, yielding a tax rate not to exceed \$3.18 per \$100,000 of assessed value. The \$300 million is the estimated total cost for the implementation of the capital improvement aspects of the District’s Tier One Priority Actions, included in the proposed ordinance as the Expenditure Plan. The \$3.18 per \$100,000 of assessed value is the maximum amount estimated by the District Controller and outside bond counsel to be necessary to impose on District property tax payers over the life of the bond authorization. The actual tax rate is expected to be lower initially, with the amount rising over time (but not exceeding the \$3.18), as priority actions are lined up for funding and implemented, and falling as bonds are paid off.

### **Independent Citizen Oversight Committee**

The proposed ordinance provides for the creation of an Independent Citizen’s Oversight Committee. It is proposed to consist of seven at-large members, all of whom shall be District residents. The Oversight Committee’s purpose would be to review and verify expenditures of bond proceeds, including the review of the District’s annual audit and accountability report related to these expenditures, and to report and present the Committee’s findings to the Board. Amendments to the Expenditure Plan, should any be required, would be developed in consultation with the Citizen Oversight Committee.

The formation of an Independent Citizen Oversight Committee is not required by law in this setting. It is being recommended as a policy matter. The Board, therefore, has discretion

regarding both if and how it might choose to structure this aspect of the ordinance. The proposed structure, as recommended by the General Manager, is intended to be large and substantial enough to generate meaningful public feedback, and small and focused enough to be efficient and productive.

### **Election Requirements and Ballot Language**

To place this on the ballot, the Board must call an election in the District and request election consolidation services from Santa Clara, San Mateo, and Santa Cruz Counties. The proposed ordinance must be delivered to the Board of Supervisors in the counties of Santa Clara, San Mateo, and Santa Cruz no later than 88 days prior to the election date in order to be placed on the ballot.

The ordinance calls for an election to be held in conjunction with the General Election, June 3, 2014. In addition to calling the election, a series of actions are included in the ordinance as follows:

1. Approval of the ballot question that will be presented to District voters;
2. The process for submission of the ballot argument for the measure;
3. Authorizing the County Counsels of Santa Clara, San Mateo, and Santa Cruz Counties to prepare the impartial analysis; and
4. Requesting the services of the Registrars of Voters of Santa Clara, San Mateo, and Santa Cruz Counties to conduct the election.

The State Elections Code requires the ballot measure to be printed in the ballot pamphlet in the form of a "yes" or "no" question. The ballot question may not exceed 75 words. The proposed ballot question is as follows:

To improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of our region and coastline, critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk; shall Midpeninsula Regional Open Space District be authorized to issue up to \$300 million in bonds, at a tax rate not to exceed \$3.18 per \$100,000 of assessed value of property owned, with expenditures verified by an independent citizen oversight committee?

The proposed ballot measure requires approval by a 2/3 majority of the voters.

The State Elections Code provides for the filing of ballot measure arguments. If submitted, one argument "For" and one argument "Against" the measure, of no more than 300 words each, will be printed with the sample ballot. The ordinance also provides for rebuttal arguments. Ballot arguments may be filed with the Registrar of Voters by the Board of Directors, by any member or members authorized by the Board of Directors, or any combination of voters or associations. The arguments can be authored by a maximum of five eligible voters. If more than one argument for or against any measure is submitted, the Registrar of Voters is required to select one of the arguments for printing. Preference is given to arguments submitted in the following order:

1. Argument submitted by the Board of Directors or members of the Board of Directors authorized by the Board;

2. The individual voter or bona fide association of citizens who are the bona fide sponsors or proponents of the measure;
3. Bona fide associations of citizens;
4. Individual voters.

The Registrar of Voters will set a date for the submittal of ballot arguments based on the time reasonably necessary to prepare and print the arguments and sample ballots and to permit the required public examination period. The District Clerk, through the General Manager, will ensure that the Board is informed of these deadlines, as they are set.

The State Elections Code provides that the County Counsel may be directed to prepare an impartial analysis of the measure, which is not to exceed 500 words. A request for the preparation of the required analysis is included in the ordinance.

### **FISCAL IMPACT**

The Santa Clara County Registrar of Voters has estimated it will charge the District approximately \$618,000 to submit this proposition to the voters at the June 3, 2014 election. The San Mateo County Registrar of Voters has estimated it will charge the District approximately \$320,000 to submit this proposition to the voters at the June 3, 2014 election. The Santa Cruz County Registrar of Voters has estimated it will charge the District approximately \$200 to submit this proposition to the voters at the June 3, 2014 election. The total charge to the District for holding the election in all three counties is currently estimated to be \$938,200.

If the measure is approved by a two-thirds vote of qualified voters, the District would then be authorized to issue up to \$300 million in General Obligation Bonds, for use on the capital improvements elements of the priority actions set out in the Expenditure Plan (Tier One Priority Actions of the Vision Plan).

### **BOARD COMMITTEE**

The Capital Finance Program Ad Hoc met on January 6<sup>th</sup>, 15<sup>th</sup>, 17<sup>th</sup>, and 29<sup>th</sup> in 2014, and has reviewed and provided feedback to staff on the actions described in this report.

### **PUBLIC NOTICE**

Public notice was provided in accordance with the Brown Act.

Upon adoption this ordinance shall be published once a day for at least seven days in a newspaper printed, published and circulated at least six days a week in the District, or once a week for two weeks in a newspaper printed, published and circulated less than six days a week in the District. The first of said publications shall, in either event, be within thirty days after the adoption of this ordinance.

### **CEQA COMPLIANCE**

This proposed adoption of this Ordinance creating a government funding mechanism does not constitute a project under the California Environmental Quality Act (CEQA) (14 Cal. Code. Regs., section 15378(b)(4)). The final design of and alternatives considered for any particular

project shall be subject to CEQA as required by law, and all environmental review required by CEQA shall be completed before any specific project is commenced.

**NEXT STEPS**

Upon adoption of the ordinance, the District Clerk will submit the adopted ordinance and other required documents to the Registrar of Voters in Santa Clara, San Mateo, and Santa Cruz Counties to receive consolidated election services for the June 3, 2014 General Municipal Election.

Should the Board of Directors not approve the second reading and adoption of this Ordinance at this meeting, it would not be timely to place this matter on the June 3, 2014 ballot, and the measure would need to be deferred to a future election.

**Attachment**

Draft Ordinance Calling an Election and Ordering the Submission of a Proposition for Incurring Bonded Indebtedness of Not to Exceed \$300 Million for the Purpose of Providing Public Access and Acquiring, Restoring and Preserving Open Space Throughout the District to the Qualified Voters of the Midpeninsula Regional Open Space District at the General Municipal Election to be Held on June 3, 2014

Responsible Department Head:  
Steve Abbors, General Manager

Prepared by:  
Sheryl Schaffner, General Counsel  
Jennifer Woodworth, District Clerk

**ORDINANCE NO. 2014-\_\_\_\_**

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT CALLING AN ELECTION AND ORDERING THE SUBMISSION OF A PROPOSITION FOR INCURRING BONDED INDEBTEDNESS NOT TO EXCEED \$300 MILLION FOR THE PURPOSE OF PROVIDING PUBLIC ACCESS AND ACQUIRING, RESTORING AND PRESERVING OPEN SPACE THROUGHOUT THE DISTRICT, TO THE QUALIFIED VOTERS OF THE MIDPENINSULA REGIONAL OPEN SPACE DISTRICT AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON JUNE 3, 2014**

**WHEREAS**, on February 12, 2014, the Board of Directors of the Midpeninsula Regional Open Space District (the "District") adopted, by a unanimous vote of all five members of said Board of Directors present (two absent), a Resolution entitled "Determination that the Public Interest and Necessity Demand Providing Public Access, and Acquiring, Restoring and Preserving Open Space Throughout the District, with Financing Through the Issuance of General Obligation Bonds" (the "Resolution"); and

**WHEREAS**, in order to provide for the issuance by the District of its general obligation bonds to finance the costs of providing public access and acquiring, restoring and preserving open space throughout the District, it is necessary for this Board of Directors to pass an ordinance ordering the submission of the proposition of incurring bonded indebtedness for such purpose to the qualified voters of the District at an election; and

**WHEREAS**, a General Election for the District is to be held on Tuesday, June 3, 2014; and

**WHEREAS**, the Board of Directors desires to submit to the voters at said election the proposition of incurring bonded indebtedness as hereinafter set forth; and

**WHEREAS**, the Board of Directors desires to consolidate the District election with the General Election to be held in the District on June 3, 2014.

Now therefore, the Board of Directors of the Midpeninsula Regional Open Space District does ordain as follows:

**SECTION 1.** That a district election is hereby called and ordered to be held in the District on June 3, 2014, at which election there shall be submitted to the qualified voters the proposition set forth below:

**SECTION 2.** That said proposition shall appear on the ballot for said district election in the following form:

YES	To improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of our region and coastline, critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk; shall Midpeninsula Regional Open Space District be authorized to issue up to \$300 million in bonds, at a tax rate not to exceed \$3.18 per \$100,000 of assessed value of property owned, with expenditures verified by an independent citizen oversight committee?
NO	

The Board does hereby submit to the qualified voters of the District, at said district election, this Ordinance and the proposition set forth above.

**SECTION 3.** The indebtedness to be incurred by the District shall be for the object and purpose set forth in the Resolution, namely, to provide public access and acquire, restore and preserve open space throughout the District and to implement a set of priority actions as described in Exhibit A. The object and purpose of the priority actions shall be to improve access to hiking and biking opportunities, protect and preserve redwood forests, natural open spaces, the scenic beauty of the region and coastline, critical wildlife habitat, restore creeks to protect water quality, and reduce forest fire risk. Priority actions will be distributed throughout the District.

All of the foregoing described objects and purposes are referred to herein as the "Expenditure Plan" (Exhibit A) for purposes of this Ordinance.

The indebtedness incurred under this Ordinance shall include the cost of legal and other fees incidental to or connected with the authorization, issuance and sale of the general obligation bonds.

**SECTION 4.** The District projects that property tax rates will not exceed an additional \$3.18 per year per \$100,000 of assessed valuation, as described more completely in the Tax Rate Statement that is attached hereto as Exhibit "B." The repayment projections are based on reasonable growth assumptions, taking into account Article XIII A of the California Constitution. The foregoing provision shall not be construed to limit the power and duty of the Board of Directors to cause to be levied and collected a tax sufficient to fulfill its obligations to pay debt service on bonds in any fiscal year.

**SECTION 5.** The estimated cost of providing public access and acquiring, restoring and preserving open space throughout the District as outlined in the Expenditure Plan is not to exceed Three Hundred Million Dollars (\$300,000,000). The estimated cost includes the bond issuance fees.

**SECTION 6.** The principal amount of the general obligation bonds to be issued for the Expenditure Plan is Three Hundred Million Dollars (\$300,000,000).

**SECTION 7.** The rate of interest to be paid on the bonds to be issued for the Expenditure Plan shall not exceed the State of California (the 'State') maximum allowed rate of twelve percent (12%) per annum (unless the maximum interest rate for general obligation bonds of the District shall hereafter be increased by the Legislature of the State, in which event said maximum fixed by said Legislature shall apply).

**SECTION 8.** Under sections 53410 and 53411 of the California Government Code, the bonds shall be for the specific purposes authorized in this Ordinance and the proceeds of such bonds will be applied only to the Expenditure Plan. The District will comply with the requirements of section 53410 of the California Government Code.

An annual report will be prepared by the District consistent with the accountability measures as required in California Government Code section 53411. An Independent Citizen Oversight Committee will be formed to verify annual expenditures of bond proceeds. The Citizen Oversight Committee will consist of seven at-large members, all of whom shall be District residents.

**SECTION 9.** The Board of Directors finds that adoption of this Ordinance creating a government funding mechanism or other government fiscal activity does not constitute a project under the California Environmental Quality Act (CEQA) (14 Cal. Code. Regs., section 15378(b)(4)). The final design of and alternatives considered for any particular project shall be subject to CEQA as required by law, and all environmental review required by CEQA shall be completed before any specific project is commenced.

**SECTION 10.** The District proposes to issue and sell General Obligation Bonds of the District pursuant to section 5568 of the California Public Resources Code, Article 9, commencing with section 43600 of Chapter 4 of Division 4 of Title 4 of the California Government Code and/or Article 4.5, commencing with section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, in one or more series, in the maximum amount and for the objects and purposes set forth above, if two-thirds of all qualified voters voting on the proposition set forth above vote in favor thereof. The bonds are to be general obligations of the District, payable from and secured by taxes levied and collected in the manner prescribed by laws of the State of California. All of said bonds are to be equally and ratably secured, without priority, by the taxing power of the District.

**SECTION 11.** The polls for said election shall be open the day of said election in accordance with the California Elections Code.



**SECTION 12.** The election hereby called for the date hereinbefore specified shall be and is hereby, ordered consolidated with the Statewide General Election to be held within the District on said date, and within the territory affected by the consolidation, the election shall be held and conducted, election officials appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted and returned, returns canvassed, results declared, and all other proceedings incidental to and connected with the election shall be regulated and done in accordance with the provisions of law regulating the Statewide general election and specified herein. The Board of Supervisors of the County of San Mateo, the Board of Supervisors of the County of Santa Clara and the Board of Supervisors of the County of Santa Cruz are hereby requested to order the consolidation of the election hereby called with said Statewide general election, and the Board of Supervisors of the County of San Mateo, the Board of Supervisors of the County of Santa Clara and the Board of Supervisors of the County of Santa Cruz are hereby authorized to canvass the returns of said election, and said election shall be held in all respects as if there were only one election and only one form of ballot shall be used in each of the affected counties. Each of said Board of Supervisors shall certify the results of the canvass of the returns of said district election in each of the respective counties to the Board of Directors of this District, which shall thereafter declare the results thereof. The proposition submitted by this Ordinance shall be designated on each ballot by a letter printed on the left margin of the square containing the description of the proposition, as provided in the California Elections Code.

**SECTION 13.** All persons qualified to vote at general district elections in the District upon the date of the election herein provided for shall be qualified to vote upon the proposition submitted at said election.

**SECTION 14.** Ballots for the election shall be in form and in the number as required by law. On said ballots, in addition to any other printed matter which may be required by law, two (2) voting squares shall be set off to the right of the proposition submitted at the election, in the manner provided by law, one having the word "YES" printed before it, and the other having the word "NO" printed before it.

**SECTION 15.** Each voter to vote for the proposition and for the incurring of said indebtedness shall stamp or write a cross, or indicate by hold punch or other means, in the blank space opposite the word "YES" on the ballot to the right of the proposition; and each voter to vote against the proposition and against the incurring of said indebtedness shall stamp or write a cross, or indicate by hold punch or other means, in the blank space opposite the word "NO" on the ballot to the right of the proposition.

**SECTION 16.** The District hereby requests and directs that San Mateo, Santa Clara and Santa Cruz Counties print the full text of this Ordinance, inclusive of attachments in each County's respective Voter Information Pamphlet. The Clerk of the Board of the District is hereby authorized and directed to take such actions and fill out such forms as is necessary to accomplish this direction for publication of the full text of the proposition in the Voter Information Pamphlets.

**SECTION 17.** The District hereby requests and directs that San Mateo, Santa Clara and Santa Cruz Counties allow arguments for and against this measure to be filed pursuant to Elections Code section 9282 *et seq.* The Board adopts the provisions of Elections Code section 9285 to allow rebuttal arguments for the ballot measure.

**SECTION 18.** The District will reimburse separately San Mateo, Santa Clara and Santa Cruz Counties for the actual costs incurred by each of the county's elections officials in conducting the election upon receipt of a bill stating the amount due as determined by the elections officials pursuant to State law.

**SECTION 19.** This Ordinance shall be published once a day for at least seven days in a newspaper printed, published and circulated at least six (6) days a week in the District, or once a week for two weeks in a newspaper printed, published and circulated less than six (6) days a week in the District. The first of said publications shall, in either event, be within thirty (30) days after the adoption of this ordinance. The Clerk of the Board of the District is hereby authorized and directed to make said publications and to transmit, for receipt no later than March 7, 2014, a certified copy of this Ordinance to the appropriate officials of San Mateo County, Santa Clara County and Santa Cruz County responsible for preparing the ballots for said election.

**SECTION 20.** This Ordinance shall become effective immediately as an ordinance relating to an election pursuant to Government Code section 36937(a) upon its adoption by two-thirds vote of all the members of this Board of Directors.

Introduced at a regular meeting of the Board of Directors held on \_\_\_\_\_ and adopted as an ordinance of the Midpeninsula Regional Open Space District at a regular meeting of the Board of Directors on \_\_\_\_\_, 2014, by the following vote:

**AYES:**  
**NOES:**  
**ABSTAIN:**  
**ABSENT:**

**ATTEST:**

**APPROVED:**

\_\_\_\_\_  
Secretary  
Board of Directors

\_\_\_\_\_  
President  
Board of Directors

**APPROVED AS TO FORM:**

\_\_\_\_\_  
General Counsel

I, the District Clerk of the Midpeninsula Regional Open Space District, hereby certify that the above is a true and correct copy of a resolution duly adopted by the Board of Directors of the Midpeninsula Regional Open Space District by the above vote at a meeting thereof duly held and called on the above day.

\_\_\_\_\_  
District Clerk

## **EXHIBIT A Expenditure Plan**

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

### **1. SUMMARY**

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

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

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

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

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

## 2. PRIORITY ACTIONS

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

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

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

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

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

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

## PRIORITY ACTIONS, BY REGION

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

## Peninsula Foothills and Bay

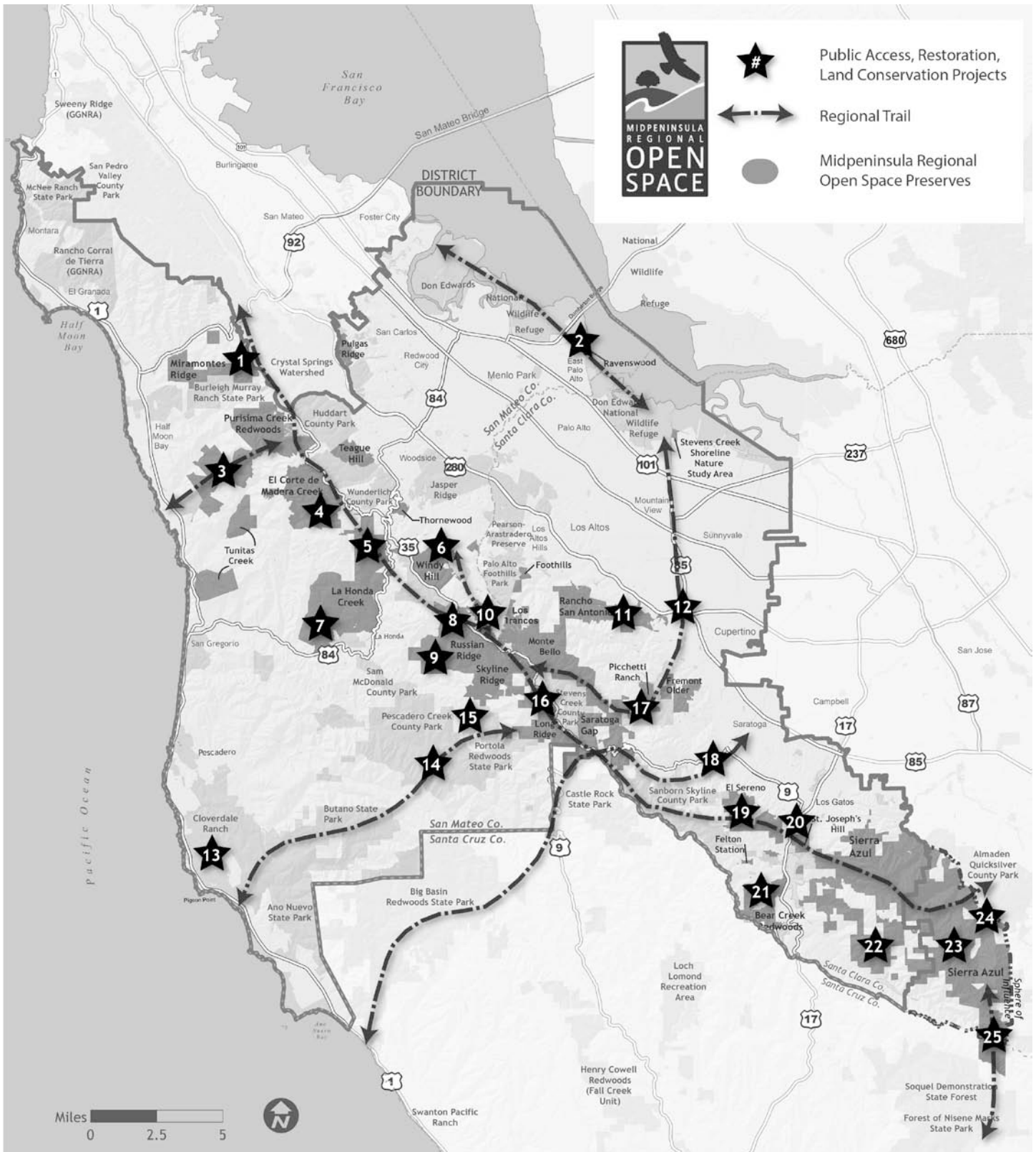
(Cupertino, Los Altos, Los Altos Hills, Sunnyvale, Mountain View, Palo Alto, East Palo Alto, Menlo Park, Atherton, Redwood City, San Carlos, Woodside, Portola Valley, Skyline)

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

## Coast

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

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





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

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

The responsibilities of the Committee include:

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

**EXHIBIT B  
TAX RATE STATEMENT**

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

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

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

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

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

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

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

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General Manager  
Midpeninsula Regional Open Space District