

Popular Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2021





Bear Creek Redwoods Open Space Preserve by Heather Diaz

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COVER PHOTO CREDITS

Top photo: Russian Ridge Open Space Preserve by Alex Song

Second row, left to right: Rancho San Antonio Open Space Preserve by Elizabeth Yicheng-Shen, Sierra Azul Open Space Preserve by Dawn Stephenson, Fremont Older Open Space Preserve by Michelle Yau



MISSION The mission of the Midpeninsula Regional Open Space District is to acquire and preserve a regional greenbelt of open space land in perpetuity, protect and restore the natural environment, and provide opportunities for ecologically sensitive public enjoyment and education.

COASTSIDE MISSION To acquire and preserve in perpetuity open space land and agricultural land of regional significance, protect and restore the natural environment, preserve rural character, encourage viable agricultural use of land resources, and provide opportunities for ecologically sensitive public enjoyment and education.

Introductory Message

It is my pleasure to present the Midpeninsula Regional Open Space District's Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2021.

The PAFR summarizes Midpen's financial activities and performance results gathered from our Annual Comprehensive Financial Report (ACFR). The ACFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by Chavan & Associates, Certified Public Accountants. Midpen received an unmodified (or clean) opinion that the financial statements present fairly, in all material respects, the financial position of the organization.

The financial information in the PAFR is presented to simplify the information contained in the ACFR and to offer the public a broad overview and longer-term perspective of Midpen's assets, liabilities and net position. The reader should note that the PAFR is not a substitute for the ACFR as it is an unaudited report and does not present all the necessary financial statements and note disclosures required by GAAP.

Midpen's detailed financial information, including audited financial statements, is available in the ACFR. The ACFR provides full disclosure of our finances, including the notes to the financial statements, required supplementary information and historical statistical information.

The ACFR and other financial and budget documents are available at openspace.org/financials.



Sincerely, /s/Ana María Ruiz **Ana María Ruiz** General Manager

Board of Directors and Management





District Wards

Left to right: Zoe Kersteen-Tucker, Curt Riffle, Yoriko Kishimoto, Jed Cyr, Karen Holman, Larry Hassett, Pete Siemens.

Pete Siemens	Ward 1: Cupertino, Los Gatos, Monte Sereno, Saratoga Ward 2: Cupertino, Los Altos, Los Altos Hills, Palo Alto, Stanford, Sunnyvale		
Yoriko Kishimoto- Board Treasurer			
Jed Cyr	Ward 3: Sunnyvale		
Curt Riffle-Board President	Ward 4: Los Altos, Mountain View		
Karen Holman	Ward 5: East Palo Alto, Menlo Park, Palo Alto, Stanford		
Larry Hassett-Board Secretary	Ward 6: Atherton, La Honda, Loma Mar, Menlo Park, Pescadero, Portola Valley, Redwood City, San Gregorio, Woodside		
Zoe Kersteen-Tucker-Board Vice President	Ward 7: El Granada, Half Moon Bay, Montara, Moss Beach, Princeton, Redwood City, San Carlos, Woodside		

Executive Management

Ana María Ruiz-General Manager Hilary Stevenson-General Counsel Mike Foster-Controller

Susanna Chan-Assistant General Manager/Project Planning and Delivery Brian Malone-Assistant General Manager/Visitor and Field Services Stefan Jaskulak-Chief Financial Officer/Director of Administrative Services

About Us

Midpen helps plants, animals and people thrive throughout the greater Santa Cruz Mountains region by preserving a connected greenbelt of over 65,000 acres of public open space. These diverse and scenic landscapes, from bay wetlands to redwood forests and coastal grasslands, host an incredible diversity of life, making our region one of the world's biodiversity hotspots.

Midpen preserves have long and complex histories of human use prior to becoming public open space. We actively manage the land and waterways to restore their health and function, helping our local ecosystem become more resilient in a time of climate change. By caring for the land, the land in turn takes care of us, providing tangible and intangible benefits like clean air and water, flood protection and the opportunity for restorative experiences in nature.

On the San Mateo County Coast, where local agricultural roots run deep, our mission also includes preserving viable working lands. We partner with small-scale local ranchers to use conservation grazing as a land management tool for enhancing native coastal grasslands and providing wildland fire protection.

Midpen preserves are free and open to the public daily, providing an extensive trail network for low-impact recreation. Our programming connects people to nature through enriched experiences including environmental interpretation, docent-led activities and volunteer opportunities.

By preserving, restoring and providing access to our region's iconic, cultural, working and scenic landscapes, Midpen lands offer us opportunities for health, climate change resilience and refuge.

HISTORY

The late 1960s was a time of rapid growth in the Bay Area. Through a determined and heartfelt grassroots effort by local conservationists, the Midpeninsula Regional Open Space District was created in 1972, when the Measure R "Room to Breathe" Initiative was passed by Santa Clara County voters. Local residents voted to expand Midpen's boundary into southern San Mateo County in 1976, and in 1992 to a small portion of Santa Cruz County. In the late 1990s, development pressure increased on the San Mateo County Coast, threatening sensitive habitat and the area's rural heritage. This led to the 2004 Coastside Protection Area, an extension of District boundaries to the Pacific Ocean in San Mateo County, and the addition of preserving rural character and encouraging viable agricultural use of land resources to our mission.

GOVERNANCE

Midpen is governed by a seven-member publicly elected board of directors. Board members serve a four-year term, and represent a geographic ward of approximately equal populations. The board holds its regular public meetings on the second and fourth Wednesdays of each month at 7 p.m., at the Midpen administrative office: 330 Distel Circle, Los Altos, CA. Since the beginning of the COVID-19 pandemic, Board meetings moved to an online format while remaining fully accessble to the public.

STAFFING

The staff currently includes over 180 employees in 11 departments: budget and analysis, engineering and construction, finance, human resources, information systems and technology, land and facilities services, natural resources, planning, public affairs, real property and visitor services.



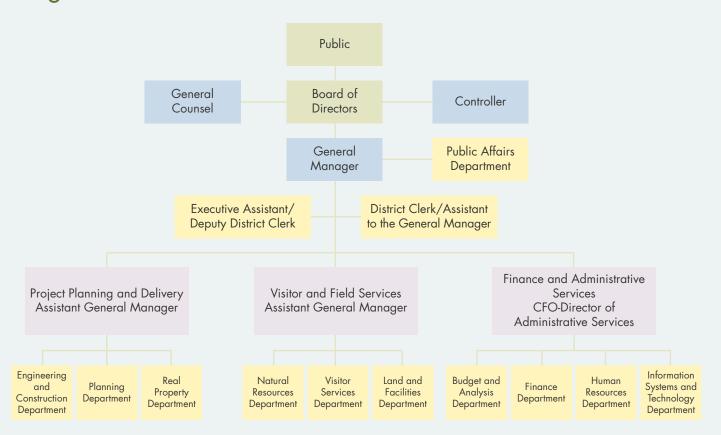
Midpen Staff by Erin Ashford

For more information about Midpen, visit openspace.org.

Regional Map

Midpeninsula Regional Open Space District Pacifica Oakland San Francisco Bay EDEN LANDING 101= ECOLOGICAL RESERVE Burlingame SPRINGS Hillsborough San Mateo (SFPUC) BAIR ISLAND ECOLOGICAL RESERVE Fremont DON EDWARDS NATIONAL WILDLIFE REFUGE San Carlos 84 Redwood City East Palo Sonta Clara Co Palo Milpitas Alto Mountain Portola Valley View 0 D Santa Elara SAN GREGORIO 17 San Jose Cupertino PESCADERO STATE BEACH Saratoga D Los Gatos San Mateo Co. Z RANCH Santa Cruz Co. ALMADEN BIG BASIN REDWOODS Midpen preserves District boundary AÑO NUEVO Sphere of influence LOMOND Boulder Creek Other protected land County boundary Educate Enjoy Preserve Protect Restore Bear Creek Redwoods La Honda Creek Pulgas Ridge Sierra Azul 25 Tunitas Creek Coal Creek Long Ridge Purisima Creek Redwoods 20 Skyline Ridge 26 Windy Hill El Corte de Madera Creek Los Trancos 15 Rancho San Antonio St. Joseph's Hill El Sereno Miramontes Ridge 16 Ravenswood Stevens Creek Shoreline Nature Area Foothills Monte Bello Russian Ridge Teague Hill 17 23 6 Fremont Older 12 Picchetti Ranch Thornewood Saratoga Gap

Organizational Chart



Midpen At-A-Glance



Founded in 1972



More Than 65,000 Acres Preserved



245 Miles of Trails



26 Preserves



183 Full-Time Employees



Over 2 Million Visitors Per Year

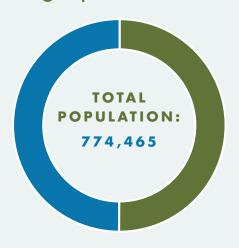


\$89.6 Million Budget



770,000 Residents

Demographic and Economic Statistics



BREAKDOWN BY GENDER¹

- 50.2% Male
- 49.8% Female



BREAKDOWN OF RACE AND ETHNICITY¹

- 0.17% American Indian and Alaska Native
- 29.74% Asian
- 1.75% Black or African American
- 17.65% Hispanic or Latino
- 0.51% Native Hawaiian and Other Islander
- 0.31% Other Race
- 3.91% Two or More Races
- 45.96% White (not Hispanic/Latino)

\$77,523

PER CAPITA
INCOME¹

92.8%

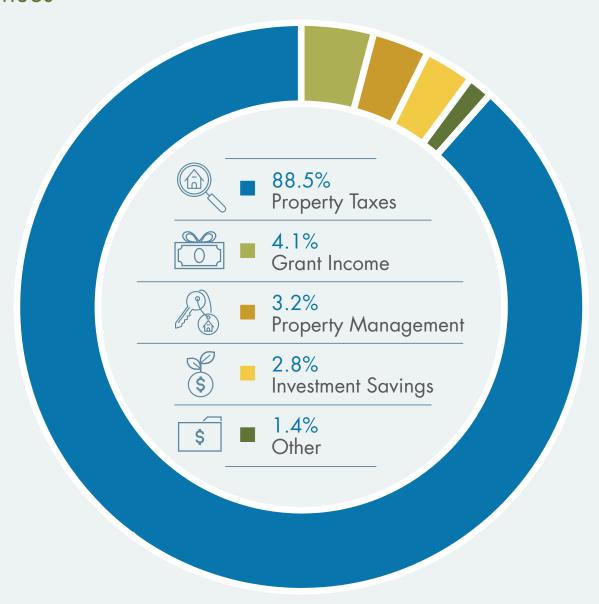
EDUCATIONAL ATTAINMENT HIGH SCHOOL OR GREATER, AGE 25 OR OVER 1

^{1 2015-19} American Community Survey 5-Year Estimates.



Cloverdale Ranch Open Space Preserve by Midpen

Revenues





Russian Ridge Open Space Preserve by Deane Little



Rancho San Antonio Open Space Preserve by Charles Tu

Revenues and Expenses (Governmental Activities)

Given the nature of Midpen's finances and operations, all the financial activities are governmental. Our primary source of revenue is property taxes, which are levied on all taxable property within the District's boundaries covering portions of Santa Clara and San Mateo counties. Revenue for the year ended June 30, 2021, totaled \$70.6 million, an increase of \$3.5 million or 5.3% compared to FY20. Property tax revenue continues to increase steadily as a result of growth in the assessed valuation of real property. Investment earnings decreased from the prior year due to lower investment yields. Total expenses were \$42.3 million in FY21, a decrease of \$2.4 million or 5.6% compared to FY20. This was due to lower overall expenditures as expenditures for staff and other costs decreased due to lower activity resulting from the Covid pandemic. Interest payments on the District's long-term debt also decreased.

CHANGES IN NET POSITION AS OF JUNE 30, 2021 (IN THOUSANDS)

	Total FY21	Total FY20	Total FY19
Revenues			
General Revenues	\$65,431	\$61,115	\$59,897
Program Revenues	\$5,178	\$5,949	\$3,442
Total Revenues	\$70,609	\$67,064	\$63,339
Expenses			
Land Preservation	\$38,861	\$32,482	\$34,304
Interest and Fiscal Charges	\$8,356	\$9,874	\$10,449
Total Expenses	\$47,217	\$42,356	\$44,753
Increase in Net Position Before Adjustments	\$23,393	\$24,708	\$18,586
Prior Period Adjustments	(\$30)	\$0	\$0
Increase in Net Position	\$23,363	\$24,708	\$18,586
Net Position, Beginning of Period	\$392,082	\$367,374	\$348,788
Net Position, End of Period	\$415,445	\$392,082	\$367,374



Long Ridge Open Space Preserve by Karl Gohl

Statement of Net Position

The statement of net position presents information on all of Midpen's assets and liabilities, deferred outflows and deferred inflows, with the difference between these amounts being reported as net position. The net position is the difference between what Midpen owns and what it owes. Midpen's overall net position increased by \$23.4 million as the District continued to pay down long-term debt and overall revenues exceeding expenditures.

STATEMENT OF NET POSITION AS OF JUNE 30, 2021 (IN THOUSANDS)

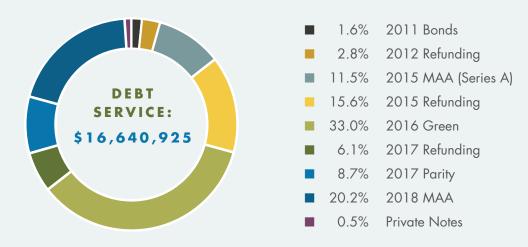
	Total FY21	Total FY20	Total FY19
Current Assets	\$103,801	\$105,438	\$108,643
Capital Assets, Net of Depreciation	\$66,875	\$58,689	\$50,602
Non-Depreciable Capital Assets	\$480,432	\$467,412	\$453,957
Other Non-Current Assets	\$432	\$488	\$563
Deferred Outflows of Resources	\$12,639	\$13,273	\$14,827
Total Assets and Deferred Outflows	\$664,179	\$645,300	\$628,592
Current Liabilities	\$18,126	\$16,111	\$16,696
Non-Current Liabilities	\$228,566	\$235,321	\$243,050
Deferred Inflows of Resources	\$2,042	\$1,786	\$1,471
Total Liabilities and Deferred Inflows	\$248,734	\$253,218	\$261,217
Net Investment in Capital Assets	\$382,788	\$371,186	\$351,152
Restricted Net Position	\$5,731	\$6,278	\$8,207
Unrestricted Net Position	\$26,926	\$14,617	\$8,015
Net Position, End of Period	\$415,445	\$392,082	\$367,375

Debt

Midpen is legally restricted to issuing debt not to exceed five percent of the assessed valuation of the property situated within the District's boundaries. As of June 30, 2021, the assessed value of property within the District's jurisdiction totaled \$317.8 billion, resulting in a legal limit of \$15.9 billion. Midpen's revenue bonds, parity bonds, and refunding bonds are secured by general fund property tax revenue, while the general obligation bonds are secured through a separate ad valorem tax levy on all taxable property within the District's boundaries. The latest ratings for Midpen's debt issues from Standard and Poor's and Fitch Ratings are shown below:

Debt Issue	S & P	Fitch	Balance as of June 30, 2021
2011 Revenue Bonds	AA+	AA+	285,000
2012 Refunding Promissory Notes	AAA	AAA	7,475,601
2015 General Obligation Bonds (MAA) Series A	AAA	AAA	40,000,000
2015 General Obligation Bonds (MAA) Series B	AAA	AAA	630,000
2015 Refunding Promissory Notes	AAA	AAA	19,190,000
2016 Green Refunding Bonds	AAA	AAA	4,403,500
2017 Green Refunding Bonds Series A	AAA	AAA	25,025,000
2017 Green Parity Bonds Series A	AAA	AAA	8,490,000
2018 General Obligation Bonds (MAA)	AAA	AAA	45,770,000
Private Notes	n/a	n/a	1,500,000
Total			\$152,769,101

TOTAL DEBT SERVICE PAID FOR FISCAL YEAR ENDING JUNE 30, 2021



Award



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

Midpeninsula Regional Open Space District
California

For its Annual Financial Report for the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO



Rancho San Antonio Open Space Preserve by Douglas Croft

Measure AA Projects



In June 2014, voters approved Measure AA (MAA), a \$300 million general obligation bond to protect natural open space lands; open preserves or areas of preserves that are currently closed; construct public access improvements such as new trails and staging areas; and restore and enhance open space land, which

includes forests, streams, watersheds and coastal ranch areas.

In August 2015, Midpen issued its first tranche of \$45 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two or three years, as well as the legally permitted look-back period of 60 days prior to board's certification of election results.

In February 2018, Midpen issued its second tranche of \$50 million in general obligation bonds to reimburse itself for project expenses planned for approximately the next two or three years.

EXPENDITURE PLAN

The MAA expenditure plan is the culmination of an 18-month community vision planning effort that began in 2012 and yielded a list of 54 priority actions designed to help Midpen focus, inspire and coordinate open space conservation and management on the San Francisco Peninsula, San Mateo Coast and South Bay regions for the next 40 years. The top 25 priority actions (MAA Portfolios 1-25) are funded by MAA and included in the expenditure plan. The full MAA bond accountability report, available on our website, is arranged in parallel with the expenditure plan to facilitate review by the Bond Oversight Committee and the general public.

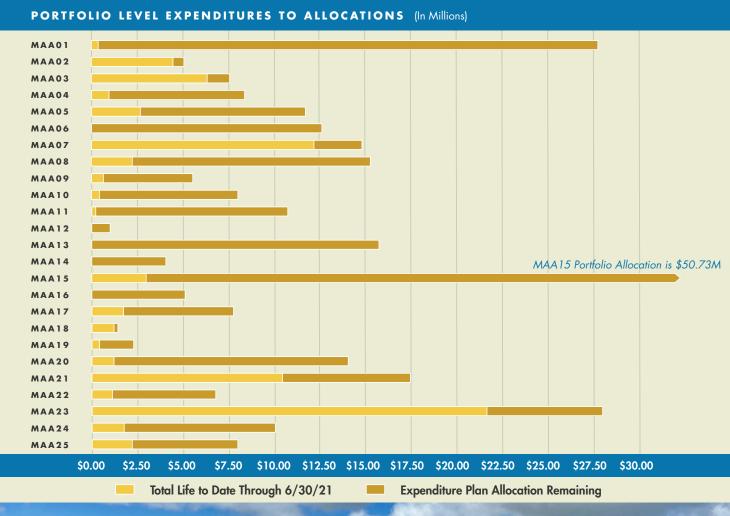
ANNUAL BUDGET

Each year Midpen embarks upon a priority-setting and budgeting process with the board, allowing for at least a six-month planning process. The final budget and action plan is approved prior to the start of the fiscal year, which begins July 1. Within the budget document, there is an MAA project budget overview, which provides a prospective view into next year's planned spending.



Long Ridge Open Space Preserve by Steven Glaze

The following chart shows the expenditure plan allocations broken down by portfolio, with the total expenditures for each portfolio through June 30, 2021. The purpose of this chart is to show the portfolio allocations that were approved in the expenditure plan and the relative expenditures in each portfolio, life-to-date. The MAA program and its portfolios are broad and complex and subject to a separate audit. For more detailed information regarding the portfolio allocations and expenditures, please visit **openspace.org/MAAreport**.





Russian Ridge Open Space Preserve by Kevin Stietzel

Accomplishments

Over the course of the past fiscal year, Midpen has accomplished major milestones and made substantial progress on the 116 key action plan projects adopted by the board of directors, which include the 25 Measure AA portfolios. The accomplishments for FY20 are outlined across the following five categories:

- Land Acquisition and Preservation
- Natural Resources Protection and Restoration
- Public Access, Education and Outreach
- General/Districtwide Support of Mission
- Awards, Grants and Recognition

Highlights of the major accomplishments are provided below.

LAND ACQUISITION AND PRESERVATION

- Purchased, exchanged, or received gifts of 686 acres of land valued at \$7.87 million dollars:
 - Acquired a 54% undivided interest of the 600-acre South Cowell property as an addition to Purisima
 Creek Redwoods Preserve with exclusive possession of the 371-acre upland area from Peninsula Open Space Trust (POST).
 - Partnered with POST to purchase a 182-acre property from San Jose Water Company as an addition to El Sereno Preserve.
 - Purchased the 130-acre Billingsley property as an addition to the Loma Prieta area of the Sierra Azul Preserve.
 - Purchased the 2.46-acre Riser-Nelson property adjacent to the South Cowell property as an addition to Purisima Creek Redwoods.

NATURAL RESOURCES PROTECTION AND RESTORATION

- Completed habitat restoration projects and actions that protect sensitive animal species and wildlife corridors in La Honda Creek and Russian Ridge preserves.
- Continued the Highway 17 Wildlife and Regional Trail Crossings project that will provide a safe wildlife corridor and a separate regional trail crossing the highway.
- Completed projects and actions that protect sensitive plant species and restore habitats:
 - Began 4th year of targeted invasive species removal at Bear Creek Redwoods Preserve with partial funding from a 5-year Valley Water grant following Midpen's Integrated Pest Management Program to restore native habitats.
 - Completed a forest inventory and road assessments and drafted the La Honda Forest Health Assessment
 to inform the development of a forest health plan for lands in La Honda Creek Preserve.
- Completed land rehabilitation projects and actions to rehabilitate lands, including removal of over 300 tons of hazardous waste at an old landfill site in Miramontes Ridge Preserve.
- Completed fencing and infrastructure projects that support Midpen's conservation grazing program and grassland management.

PUBLIC ACCESS, EDUCATION AND OUTREACH

- Completed construction of a 0.6-mile segment of the San Francisco Bay Trail with a new boardwalk and bridge across sensitive bay wetlands that closes a critical regional trail gap at Ravenswood Preserve.
- Continued progress on public access projects at Bear Creek Redwoods Preserve, including completion of traffic studies to finalize a future pedestrian crossing, submitting permits for Phase II Trail Improvements, completed construction of the Briggs Creek Trail and Stables Loop Trail.
- Made significant progress on removing ADA accessibility barriers to improve access for people with different physical abilities, including ADA restroom replacements and other entrance and access improvements at multiple preserves.
- Completed the rehabilitation of the Deer Hollow Farm White Barn at Rancho San Antonio Preserve to preserve an important historic and interpretive asset.
- Improved trail tread and drainage features on 15 miles of fire road and 6 miles of single-track trail. Replaced and upgraded 16 culverts.
- Completed multiple Districtwide actions in support of public outreach goals, including increased circulation of the quarterly newsletter by 150% and further increased social media presence with a total reach of over 2.5 million followers.
- Pivoted the Interpretive and Education, Volunteer, and Community Outreach Programs to develop and post online educational and engaging content through creation of interpretation videos and a quarterly virtual nature engagement series for social media
- Returned volunteer programing with new safety protocols beginning in the fall of 2020 as allowed under public health regulations.
- Hosted the annual Volunteer Recognition Event online to honor and thank our volunteers and docents for their hard work in support of Midpen's mission.
- Issued 2,574 permits for a variety of activities, including research work, public use of the backpack campground, and after-hours astronomy viewing as allowed under the changing public health orders.



Beer Creek Redwoods Open Space Preserve by Alisha Laborico

GENERAL/DISTRICTWIDE SUPPORT OF MISSION

- Launched two Diversity, Equity, and Inclusion Staff Committees, one focusing on community outreach/ partnerships and the other on recruitment/hiring/staff development to identify recommendations that promote Midpen's Diversity, Equity, and Inclusion goals and policy.
- Continued work to prevent, prepare for, and respond to wildland fires in response to the increasing fire threat in California including programs for fuel reduction and removal of fire-prone plant species.
- Selected Laserfiche as Midpen's new electronic document management system and developed the protocols and process for converting paper files into digital files.
- Continued systems implementation of critical Financial and Operational Sustainability Model Study recommendations to enhance Midpen's delivery of Measure AA and Vision Plan projects:
 - Continued development of the Work Order and Asset Management System. The Natural Resources
 department is now integrated into the system, providing staff a streamlined approach for tracking
 California Department of Fish and Wildlife notifications and department requests for project support.
 - Gathered business requirements, scoped project, procured Tyler Munis Enterprise Resource Planning (ERP) system, and began implementation/configuration. Munis will result in a more robust functionality and business efficiencies.
 - Made significant progress to bring new Midpen office facilities online for improved administrative
 functions and delivery of projects and services. Finalized new design and permitting for the new
 Administrative Office, completed South Area Field Office construction improvements, and completed
 fiber-optic connections to Skyline Field Office, Foothills Field Office, and the new South Area Office.
- Selected, procured, and configured Omnigo Citations Management System to provide a mobile-friendly software that functions in disconnected remote environments to issue citations, track incidents, and provide the ability to query and run analytical reports.
- Continued to enhance and expand GIS capabilities and datasets, as well as provide departments with more direct access to District data.
- In response to COVID-19:
 - 100% of staff were offered a COVID-19 vaccine—resulting in more than 96% of staff being vaccinated Midpen-wide. Continued to vigilantly respond to changes in State, OSHA, and County protocols to protect Midpen from an outbreak.
 - Provided technology tools to staff for greater productivity at home, including increasing bandwidth at the administrative office to improve VPN speeds.



Rancho San Antonio Open Space Preserve by Mike Asao

AWARDS, GRANTS AND RECOGNITION

- Completed eight successful grant applications totaling \$9,758,539:
 - \$5,000,000 from the Wildlife Conservation Board for the **Highway 17 Crossings Project** to assist with the planning, environmental review, and design phases.
 - \$1,577,000 indirect award from CAL FIRE to the Santa Clara County FireSafe Council for the Los Gatos
 Creek Watershed Forest Health Project in Bear Creek Redwoods, Saratoga Gap, Sierra Azul, and Long
 Ridge Preserves.
 - \$1,214,590 from the California Department of Parks and Recreation for the Alma Cultural Landscape Rehabilitation Project at Bear Creek Redwoods Preserve.
 - \$1,075,000 from the Wildlife Conservation Board for the El Sereno Keyhole Acquisition Project at El Sereno Preserve.
 - \$400,000 from the State Coastal Conservancy to support work under the Wildland Fire Resiliency Program at multiple preserves.
 - \$232,358 indirect award in Proposition 68 funds from the California Conservation Corps for the Coal Creek Fuel Break Project at Coal Creek Preserve.
 - \$145,591 from the Department of Resources Recycling and Recovery for the Remediation Plan and Ranch Dump Cleanup Project at Madonna Creek Ranch in Miramontes Ridge Preserve and the Purisima Upland Site Clean Up and Soil Remediation Project at Purisima Creek Redwood Preserve.
 - \$114,000 from the San Francisco Public Utilities Commission for the Highway 35 Multi-use Trail Crossing and Parking/Multimodal Access Study.
- At the request of Assemblymember Marc Berman, an \$8M allocation was successfully approved in the FY22 state budget for Midpen's potential purchase of the Cloverdale Ranch property.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the fifth year in a row.
- Received the Operating Budget-Excellence Award from the California Society of Municipal Finance Officers for the third time in a row.
- Received the Outstanding Financial Reporting Award from the Government Finance Officers Association (GFOA) for the Consolidated Annual Financial Report (third year) and Popular Annual Financial Report (second year).
- Awarded the 2020 Municipal Information Systems Association of California (MISAC) prestigious Technology Innovation Award for the COVID-19 Health Check Application. This is a statewide competition (second year).



Ravenswood Open Space Preserve by Mike Kahn





Midpeninsula Regional Open Space District

openspace.org



