



Midpeninsula Regional
Open Space District

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

ACTION PLAN AND BUDGET COMMITTEE

Administrative Office
5050 El Camino Real
Los Altos, CA 94022

Wednesday, May 7, 2024

The Action Plan and Budget Committee conducted this meeting in accordance with California Government Code section 54953.

DRAFT MINUTES

CALL TO ORDER

Director Riffle called the meeting of the Action Plan and Budget Committee to order at 1:02 p.m.

ROLL CALL

Members present: Craig Gleason, Karen Holman, Curt Riffle

Members absent: None

Staff present: General Manager Ana M. Ruiz, General Counsel Hilary Stevenson, Assistant General Manager Susanna Chan, Assistant General Manager Brian Malone, Chief Financial Officer/Director of Administrative Services Stefan Jaskulak, District Clerk/Assistant to the General Manager Maria Soria, Executive Assistant/Deputy District Clerk Loana Lumina-Hsu, Controller Mike Foster, Budget & Finance Manager Rafaela Ocegüera, Natural Resources Manager Kirk Lenington, Visitor Services Manager Matt Anderson, Planning Manager Jane Mark, Land & Facilities Manager Brandon Stewart, Engineering & Construction Manager Jay Lin, Information Systems & Technology Manager Casey Hiatt, Real Property Manager Allen Ishibashi, Procurement Program Manager Sarah Araya, Acting Grants Program Manager Daniel Morrison, Management Analyst II Elissa Martinez, and Management Analyst I Jordan McDaniel

Director Riffle announced that the public has the opportunity to comment on the agenda, and the opportunity to listen to this meeting through the internet or via telephone. This information can be found on the meeting agenda, which was physically posted at the District's Administrative Office, and on the District website.

ADOPTION OF AGENDA

Motion: Director Gleason moved, and Director Holman seconded the motion to adopt the agenda.

ROLL CALL VOTE: 3-0-0

ORAL COMMUNICATIONS

Public comment opened at 1:03 p.m.

Deputy District Clerk Loana Lumina-Hsu reported there were no public speakers for this item.

Public comment closed at 1:03 p.m.

COMMITTEE BUSINESS

1. Select Committee Chair for 2024 Calendar Year

Director Riffle volunteered to serve as the Committee Chair for calendar year 2024.

Public comment opened at 1:04 p.m.

Ms. Lumina-Hsu reported there were no public speakers for this item.

Public comment closed at 1:04 p.m.

Motion: Director Holman moved, and Director Gleason seconded the motion to select Director Riffle as Committee Chair for Calendar Year 2024.

ROLL CALL VOTE: 3-0-0

2. Approve the May 16, 2023 Action Plan and Budget Committee Meeting Minutes

Public comment opened at 1:05 p.m.

Ms. Lumina-Hsu reported there were no public speakers for this item.

Public comment closed at 1:05 p.m.

Director Holman inquired if the last meeting minutes of the Action Plan and Budget Committee (ABC) could be approved prior to holding the following year's ABC committee meeting in order for the committee members to approve the minutes with good recollection of the discussion.

District Clerk Maria Soria stated that the draft minutes are presented to the full Board of Directors at the first meeting in June when the Board holds the first public hearing for Budget Adoption.

Director Gleason inquired if the ABC could convene briefly before the regular meeting of the Board of Directors when the first Public Hearing of the Budget is heard.

The ABC members were in consensus of approving the minutes prior to the first Public Hearing of the Budget.

Motion: Director Holman moved, and Director Gleason seconded the motion to approve the May 16, 2023 Action Plan and Budget Committee meeting minutes.

ROLL CALL VOTE: 3-0-0

3. Fiscal Year 2024-25 Budget and Three-Year Capital Improvement and Action Plan Review (R-24-54)

Chief Financial Officer/Director of Administrative Services Stefan Jaskulak provided an overview of the budget planning process, the timeline for the Fiscal Year 2025 (FY25) budget, and the FY25 priorities, which include four capital action plan programs that support the four strategic goals of land conservation, natural resource protection, public access, and operations. Mr. Jaskulak reviewed the December 2023 Board Strategic Planning Retreat, where the Board approved the FY25 Strategic Plan update reviewed the Financial Operational and Sustainability Model (FOSM) priorities and the March 2024 Board Project Prioritization Retreat. Mr. Jaskulak also reviewed the proposed FY25 budget and provided an overview of the District's revenue.

Chair Riffle asked about the risks to the revenue portfolio.

Mr. Jaskulak explained grants may go down, however property tax revenues are strong, and rental income for the Administrative Office (AO) is based on the multiyear agreements and if the tenants were to leave, the District is in a position to absorb that decrease in revenue. He stated the District budget structure has flexibility and explained how the District is able to maneuver to adjust the budget as needed.

Controller Mike Foster described the cash projections and funding revenues forecast for the upcoming budget year as compared to previous budget years.

Mr. Jaskulak reported on the proposed FY25 expenditures by budget fund and category.

Chair Riffle asked staff to return to the Committee with how much in taxes are paid into the District each year by a regular constituent and asked for a descriptor, providing the "a cup of coffee per week" example.

Director Holman asked about the payback period on the purchase and refurbishment of the District's Administrative Office at 5050 El Camino Real.

Mr. Jaskulak stated that there is not an updated Return on Investment (ROI) schedule available. He explained that annually, the District generates rental income from the AO, and is saving expenses by no longer leasing office space, resulting in a savings of \$1,000,000 per year. He added that the sale of the old building likely reduced the ROI to 40 years. Additionally, the new Administrative Office offers structural, energy, and operational efficiencies, along with the

intangible benefit of consolidating staff under one roof. With these savings and the longevity of the new building, the District anticipates recouping its investment within 40 years or less.

Mr. Foster explained there is also the market value of the real estate for the building that should be considered, providing the example of the former AO at 330 Distel Circle which was purchased for \$1.5M and sold for \$10.3M.

Chair Riffle asked if the budget includes staffing each year.

Mr. Jaskulak confirmed the budget includes staffing costs for the full year, with the exception of the proposed new positions, which are budgeted for at a total of 6 months. Additionally, salary savings at the end of each fiscal year are brought to Board with a request to move savings to pension contributions.

Mr. Jaskulak continued to review the change in the general fund balance that includes non-spendable, restricted, committed, assigned, unassigned funds, and expenses associated with Measure AA implementation.

Director Gleason requested a non-land version of the Measure AA expenditures trend chart.

Chair Riffle requested for a Measure AA expenditures chart per year by type.

Mr. Jaskulak asked the Committee if the requested chart can be two categories: land versus non-land.

Chair Riffle asked for a more granular breakdown on how the District spends Measure AA funding per year.

Mr. Jaskulak explained staff can create a chart for the three Measure AA applicable CIAP programs: land acquisition, natural resources protection, and public access.

Chair Riffle confirmed that will be an acceptable breakdown.

General Manager Ana Ruiz stated she will have staff include information on the original Measure AA expectations for the use of the funds.

Mr. Jaskulak continued the presentation on the debt service. He also described the long-range financial plan, which is based on the Controller's revenue projections and includes future capital expenditures, and also presented on the general fund balance and changes to the fund balance.

Director Holman inquired why the District is purchasing carbon offsets for business flights and asked if there was another option the District could pursue rather than purchasing carbon offsets.

Assistant General Manager Brian Malone explained that if the District were to utilize carbon storage on its lands, it would effectively offset carbon emissions, but currently, the District does not use any of its land to offset carbon and instead actively works to reduce carbon emissions. The District does have successful programs to reduce emissions and is setup to measure emissions. There are no other known methods to reduce emissions from flights other than to stop flights, which would impact the accessibility of trainings and conferences.

Director Holman suggested for the District to find creative solutions.

Chair Riffle pointed out in Attachment 2, Page 24, Section 2, the report states the 2023 Winter storm damage occurred in late 2023 but he asked if it occurred in early 2023.

Mr. Jaskulak explained the report is based on Fiscal Year 2023 and Winter 2023 is considered late 2023, and stated a notation will be added.

Director Holman thanked staff for adding attachment and page numbers to the slides for reference.

Mr. Jaskulak continued the staff presentation on FY25 Personnel Updates, including staffing growth from the FOSM Refresh recommendations, and an overview of the department budgets.

Director Gleason asked about District funds in relation to questions he has received from constituents, that the District is reserving funds, and they would like to know what the District is doing with those funds, as well as why some preserves are not yet opened to the general public.

Mr. Jaskulak explained public access to preserves is an operational expense planned over the years while reserves are one-time funds. Reserves need to be resilient, able to withstand fluctuations and used as rainy-day funds. He gave an example of the new AO and how the built up in the reserve was used to buy and renovate the building and cover the moving costs. Similarly, the reserve build up will be used for the Skyline Field Office Renovation Project and new Coastal Area Office. He explained the District would not want to use reserves for annual spending as that is the equivalent to relying on a savings account for recurring expenses. He further provided examples of District reserves for equipment replacement, major capital repairs, and for unexpected/unforeseeable situations.

Director Gleason sought clarification on whether the reserves are increasing because the District's revenue is above what is spent.

Mr. Jaskulak explained the proposed growth in reserves would be for improvements to staff facilities that will aid in absorbing new staff growth as projected and recommended by the FOSM refresh.

Mr. Jaskulak presented a high-level overview of CIAP changes since the March 6, 2024 Board Retreat, the FY25 CIAP Program Areas (land acquisition, natural resources, public access, and assets and organization), and CIAP Areas of Interest (agriculture, diversity, and fire resilience).

Chair Riffle requested a slide that shows a summary of the Measure AA projects, including the total number of projects.

Mr. Jaskulak presented the FY25 Big Rocks and associated resource allocation of 31% under five groupings: Climate Resilience & Biodiversity, Purisima Creek Redwoods, Public Access & Trails, Implement FOSM Refresh, and Infrastructure Improvements.

Ms. Ruiz commented that the Big Rocks projects were previously discussed at the March 2024 Board retreat and the number has been consolidated. These projects were identified as projects

that need to continue forward according to the workplan as these projects are in critical stages and include partnerships, grant deadlines, high public expectation for completion, or are critical to District operations to meet other priorities and goals in the coming fiscal years.

Chair Riffle suggested annual updates on the progress of Big Rock projects.

Ms. Ruiz stated that an update can be provided either at the December or March Board Retreat.

Mr. Jaskulak explained the March Board Retreat is preferable as more of the fiscal year is complete.

Director Holman requested the progress update be provided at the December retreat because if the update is done in March, it is too close the ABC meeting.

Director Holman noted a typo on PowerPoint slide 53 under Infrastructure Improvement it states "Costal" rather than "Coastal" Field Office Build Out.

Assistant General Manager Susanna Chan presented the Land Acquisition and Preservation Program and stated the program is close to what was presented at the March Board retreat with the biggest change being the funding request. Ms. Chan noted staff typically does not include property acquisition costs in the budget because acquisitions are often speculative. She reviewed the new proposed land and property rights projects.

Chair Riffle asked about land on either side of Highway 17 for the Wildlife Crossing and if the project should be added to the list.

Ms. Chan explained additional information will be coming to the Board and both crossing options include land acquisitions, further explaining the land acquisition is captured under the Highway 17 Wildlife Crossing project.

Mr. Malone continued the presentation and reviewed the natural resources protection and restoration projects.

Chair Riffle asked about the treatment work on wildland fire resiliency from five-years prior and the increasing budget.

Mr. Malone explained there is grant funding for the initial work, and then there is the year-to-year maintenance. He further explained that fuel management crews look for invasive weeds at project sites and reentry periods are tracked for project sites.

Chair Riffle stated grant funding is for initial work and will go away, and in the future, the District will need to budget its own funds for ongoing work.

Mr. Malone stated that the state offers grant funding for fire resiliency projects but the funding is dependent on what is approved in the state budget for wildland fire resiliency programs.

Director Holman asked about the possibility of having landowners/partners complete wildland fire resiliency projects on lands we acquire prior to transferring the property to the District.

Mr. Malone explained fuel management cost for projects completed prior to purchase can be considered as an improvement and the cost is passed along to the District in the property transfer. There is fuel management expertise within the District's Visitor and Field Services service line that can implement fuel management projects, and the work does not need to be done prior to property transfer. Nonetheless, fuel management work can be considered prior to the purchase as is feasible.

Director Gleason asked when the visit will be scheduled for the Directors to visit the fisheries restoration work.

Ms. Soria explained the tour is being scheduled for mid-September.

Chair Riffle asked for additional information on the Strategic Plan for Adaptation and Resilience to Climate Change.

Mr. Lenington explained that the project factors in carbon sequestration, forest habitat sequestration, energy efficiency improvements of tenant residences, and vehicle efficiency improvements.

Director Holman asked how the District measures carbon that is released during prescribed fires.

Mr. Lenington explained how carbon is measured and how avoiding carbon emissions is part of the calculations for the prescribed fire burn plans.

Director Holman stated that prescribed fires are overall good but wants the District to capture carbon emissions as air travels outside of the District.

Mr. Lenington explained prescribed fires are beyond fire prevention and also support habitat restoration, and the District is working to reintroduce prescribed fire as a natural ecological process after 150 years of fire suppression.

Director Gleason suggested for the next meeting to consider looking at the projects scheduled for FY27. He mentioned that there are many projects with more trail work than recent years, and he wants to discuss if it is a realistic work plan and how the District can prepare to be able to do the work.

Mr. Malone acknowledged FY27 is slated to be a heavy construction year, and explained the District is at a point in the project cycle where most projects are in the planning and CEQA phase. Mr. Malone stated staff will look at in-house staffing resources for trails in preparation for the next ABC meeting.

Public comment opened at 3:24 p.m.

Ms. Lumina-Hsu reported there were no public speakers for this item.

Public comment closed at 3:24 p.m.

The Committee continued the item to the following Action Plan and Budget Committee meeting on May 21, 2024.

ADJOURNMENT

Chair Riffle adjourned the meeting of the Action Plan and Budget Committee of the Midpeninsula Regional Open Space District at 3:24 p.m.

Loana Lumina-Hsu
Deputy District Clerk