

SAN BRUNO MOUNTAIN HABITAT CONSERVATION PLAN TRUST

Trustees

Mike Callagy, County Manager – County of San Mateo
Clay Holstine, City Manager – City of Brisbane
Shawna Maltbie, City Manager – City of Daly City
Mike Futrell, City Manager – City of South San Francisco

Date: Monday, June 7, 2021

Time: 4:00 pm to 5:00 pm

Place: Zoom Online Conference Call

<https://us02web.zoom.us/j/81533312784>

Meeting Agenda

Roll Call

Public Comment

The June 7, 2021 San Bruno Mountain Board of Trustees Meeting may be accessed through Zoom online at <https://us02web.zoom.us/j/81533312784>. The meeting ID is: 815 3331 2784. The meeting may also be accessed via telephone by dialing 1-669-900-6833, (Local). Enter the meeting ID: 815 3331 2784, then press #.

Written public comments may be emailed to hormshaw@smcgov.org and should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda or is on the consent agenda.

Spoken public comments will also be accepted during the meeting through Zoom.

Please see instructions for written and spoken public comments at the end of this agenda.

Action to Set the Agenda and Approve the Consent Agenda Items

Regular Agenda

1. Report Backs
 - a. Dedication Status Updates
 - b. Status of Expenditures for Maintenance Work for Parcels 1,2 & 6 – South San Francisco
 - c. Updates on Grant Awards from the State Coastal Conservancy & Metropolitan Transportation Commission, and the United States Fish and Wildlife Service

2. Approve the San Bruno Mountain HCP Budget
 - a. Review and Update Planned Expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area for FY 2021-22

3. Review of 2020-21 Annual Activities Highlights **

4. Upcoming & Recent Meetings
 - a. Grazing Technical Advisory Committee
 - b. Natural Resource Coordination – Quarterly
 - c. Trustees Meeting – May 2022

Consent Agenda

1. Approve May 7, 2020 Meeting Minutes

2. Approve November 30, 2020 Meeting Minutes

3. Review and Approval of Annual Audit of SBM HCP Trust Fund for FY 2019-20

**PowerPoint presentation

Written Comments:

Written public comments may be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to hormshaw@smcgov.org
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda or is on the consent agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received at least 24 hours prior to the meeting, it will be provided to the San Bruno Mountain Habitat Conservation Plan Board of Trustees members and made publicly available on the Parks Department website along with the agenda. We cannot guarantee that e-mails received less than 24 hours before the meeting will be read during the meeting, but such emails will still be included in the administrative record of the meeting.

*Spoken Comments:

Spoken public comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

1. The June 7, 2021 San Bruno Mountain Habitat Conservation Plan Board of Trustees meeting may be accessed through Zoom online at <https://us02web.zoom.us/j/81533312784>. The meeting ID is: 815 3331 2784. The meeting may also be accessed via telephone by dialing 1-669-900-6833, (Local). Enter the meeting ID: 815 3331 2784, then press #.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current,

up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.

3. You will be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
4. When the meeting facilitator calls for the item on which you wish to speak, click on “raise hand.” The will call on you to unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
5. When called, please limit your remarks to the time limit allotted.



COUNTY OF SAN MATEO
Parks Department



DATE: June 7, 2021

TO: San Bruno Mountain Habitat Conservation Plan Board of Trustees
FROM: Hannah Ormshaw, Habitat Manager for San Bruno Mountain Habitat Conservation Plan
SUBJECT: Report Back to SBMHCP Board of Trustees on the Status of Various Projects

OVERVIEW

This is an informational item to discuss the following San Bruno Mountain Habitat Conservation Plan ("SBMHCP") matters and concerns:

- a. Dedication Status Updates
- b. Status of Expenditures for Maintenance Work for Parcels 1,2 & 6 – South San Francisco
- c. Updates on Grant Awards from the California State Coastal Conservancy & Metropolitan Transportation Commission and from the U.S. Fish and Wildlife Service

BACKGROUND:

The SBMHCP Board of Trustees discussed the above-listed matters during its May 7, 2020 and November 30, 2020 meetings. This report is intended to update and inform the Board on the status of these items, including what has occurred since the Board's last meeting.

DISCUSSION:

- a. Dedication Status Updates

In recent months, City of Brisbane staff have facilitated communications and negotiations with Toll Brothers to finalize an agreement which satisfies the Standards

for Acceptance of Any Dedicated Lands by the County of San Mateo, in accordance with the SBMHCP.

Toll Brothers has agreed to provide funding in the amount of \$127,500 to complete the remainder of the necessary habitat restoration work as well as to address neglected management during the past 5 years while the dedication process was pending. It is agreed that the County of San Mateo Parks Department (“County Parks”) will oversee and manage use of these funds for habitat restoration. The parties have further agreed that this satisfies the requirement for the site meeting the conditions of minimal maintenance as outlined in the standards for accepting dedications.

The City of Brisbane and the County of San Mateo are currently working with Toll Brothers to obtain a title report for the parcels.

b. Status of Expenditures for Maintenance Work for Parcels 1,2 & 6 – South San Francisco

There is a current balance of \$24,216 which remains for habitat maintenance work for parcels 1, 2, and 6, located within the boundaries of the City of South San Francisco. The primary target for utilizing these funds has been fennel control, since this invasive species is prevalent across the parcels and negatively impacts butterfly habitat and grasslands located therein.

Although County Parks procured contractors to perform fennel control in the spring of 2020, this work could not be completed because weather conditions—and specifically high winds—did not allow for effective and safe chemical treatment of fennel. County Parks has not yet coordinated specific dates for this work to be completed in 2021, but hopes to be able to have this fennel control performed in late spring or early summer 2021 when seasonal timing for high efficacy is most appropriate. If conditions improve, we may yet assign contractors to this task in 2021, however the seasonal timing for high efficacy is most appropriate in spring or early summer.

c. Updates on Grant Awards from the State Coastal Conservancy & Metropolitan Transportation Commission, and the United States Fish and Wildlife Service

At its November 2020 meeting, this Board authorized the SBMHCP to accept grant funding in the amount of \$137,900 from the California State Coastal Conservancy and the Metropolitan Transportation Commission, including by allocating required matching funds from the HCP’s Unrestricted Fund Balance. Also in 2020, the U.S. Fish and Wildlife Service (“USFWS”) awarded a \$20,000 grant for a restoration project for the federally-endangered San Francisco lessingia.

County Parks is currently in coordination with the Metropolitan Transportation Commission (“MTC”) to finalize a supplement agreement to the current Master Funding Agreement between the MTC and San Mateo County, which runs through FY 2029-30. The supplemental agreement would outline the grant award for the San Bruno

Mountain Habitat Conservation Plan Grazing Pilot Program for \$137,900 and will be provided to County Manager Mike Callagy for execution.

Also at its November 2020 meeting, this Board accepted a \$20,000 grant from the U.S. Fish and Wildlife Service (“USFWS”) for a restoration project for the federally-endangered San Francisco lessingia. County Parks has an active contract with San Bruno Mountain Watch to implement this project, and work is already underway. It is anticipated that the majority of the project work will occur through FY2021-22.



COUNTY OF SAN MATEO
Parks Department



DATE: June 7th, 2021

TO: San Bruno Mountain Habitat Conservation Plan Board of Trustees
FROM: Hannah Ormshaw, Habitat Manager for San Bruno Mountain Habitat Conservation Plan
SUBJECT: Approve the San Bruno Mountain Habitat Conservation Plan Budget for FY 2021-22

OVERVIEW:

Approve the San Bruno Mountain Habitat Conservation Plan Budget for FY 2021-22, including by reviewing and updating planned expenditures for habitat conservation activities within the HCP area.

BACKGROUND:

The San Mateo County Parks Department acts as the responsible entity overseeing the SBMHCP budget and managing appropriate utilization of the SBMHCP trust fund revenues. The proposed budget is presented annually to the SBMHCP Board of Trustees for approval and adoption.

DISCUSSION:

See attachments to this memo for the proposed FY2021-22 SBMHCP Budget, as well as a summary document that provides an explanation of changes from the previous FY2020-21 budget.

**San Bruno Mountain
Habitat Conservation Plan**

	FY 2019-20 Approved Budget	FY 2019-20 Actuals	FY 2020-21 Approved Budget	Actuals (through 4/30/21)	FY 2021-22 Proposed Budget	Change
Revenue						
HCP Fund Interest	\$ 15,292	\$ 15,862	\$ 12,000	\$ 6,172	\$ 9,000	\$ (3,000)
Endowment Fund Interest	\$ 84,847		\$ 42,858	\$ 41,353	\$ 43,525	\$ 667
Total Interest Revenue	\$ 100,139	\$ 15,862	\$ 54,858	\$ 47,525	\$ 52,525	\$ (2,333)
Revenue From HCP Fees	\$ 234,696	\$ 201,880	\$ 234,696	\$ -	\$ 246,940	\$ 12,244
Total HCP Fees	\$ 234,696	\$ 201,880	\$ 234,696	\$ -	\$ 246,940	\$ 12,244
USFWS Grant	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
PCA MTC Grant	\$ -	\$ -	\$ -	\$ -	\$ 72,900	\$ 72,900
Total Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ 92,900	\$ 92,900
PG&E Battery Road 59 Restoration	\$ 14,006	\$ 14,006	\$ -	\$ -	\$ -	\$ -
Toll Brothers Northeast Ridge Restoration	\$ -	\$ -	\$ -	\$ -	\$ 127,500	\$ 127,500
Total Other Revenue	\$ 14,006	\$ 14,006	\$ -	\$ -	\$ 127,500	\$ 127,500
Total Revenue	\$ 348,841	\$ 231,748	\$ 289,554	\$ 47,525	\$ 519,865	\$ 230,311
Fund Balance	\$ 1,086,351	\$ 1,086,351	\$ 991,675	\$ 830,475	\$ 756,050	\$ (235,625)
Total Available Funds	\$ 1,435,192	\$ 1,318,099	\$ 1,281,229	\$ 878,000	\$ 1,275,915	\$ (5,314)
Expenditures						
HCP Biological Monitoring Contracts	\$ 15,000	\$ 9,997	\$ 15,000	\$ 10,800	\$ 15,000	\$ -
Grazing Management HCP Trust Funds	\$ 36,375	\$ 6,414	\$ 20,000	\$ 21,757	\$ 128,000	\$ 108,000
HCP Vegetation Management Contracts	\$ 150,000	\$ 121,817	\$ 150,000	\$ 65,330	\$ 150,000	\$ -
Emergency Response Funds	\$ 15,000	\$ 10,108	\$ 15,000	\$ -	\$ 15,000	\$ -
Fuel Reduction	\$ -	\$ -	\$ -	\$ -	\$ 80,000	\$ 80,000
Other Contracts	\$ 20,000	\$ 10,000		\$ 4,000	\$ 6,000	\$ 6,000
Total HCP Contracts	\$ 236,375	\$ 158,336	\$ 200,000	\$ 101,887	\$ 394,000	\$ 194,000
McKesson Property Restoration	\$ 100,000	\$ 71,280	\$ 100,000	\$ 4,485	\$ 100,000	\$ -
PG&E Battery Road 59 Restoration	\$ 6,906	\$ 6,562	\$ 3,550	\$ -	\$ 3,550	\$ (0)
USFWS SF Lessingia Restoration Grant	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
Grazing Management PCA MTC Grant Funds	\$ -	\$ -	\$ -	\$ -	\$ 72,900	\$ 72,900
Funds for Management of parcels 1,2 & 6	\$ 48,186	\$ 23,970	\$ 48,186	\$ -	\$ -	\$ (48,186)
Toll Brothers Northeast Ridge Restoration	\$ -	\$ -	\$ -	\$ -	\$ 127,500	\$ 127,500
Total Grant/Restricted	\$ 155,092	\$ 101,812	\$ 151,736	\$ 4,485	\$ 323,950	\$ 172,214
County Staff HCP Administration	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -
County Staff Contract Management	\$ 15,000	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	\$ -
County Staff (Administrative Support)	\$ 7,500	\$ 7,500	\$ 7,500	\$ -	\$ 7,500	\$ -
NRM Intern	\$ -	\$ -	\$ 53,918	\$ -	\$ 23,000	\$ (30,918)
Total County Support	\$ 42,500	\$ 42,500	\$ 96,418	\$ -	\$ 65,500	\$ (30,918)
Auditing Contract	\$ 4,800	\$ 3,200	\$ 1,600	\$ 1,700	\$ 1,800	\$ 200
Property Tax	\$ 1,000	\$ 20,577	\$ 1,000	\$ 13,878	\$ 21,000	\$ 20,000
Total Other Charges	\$ 5,800	\$ 23,777	\$ 2,600	\$ 15,578	\$ 22,800	\$ 20,200
Total Requirements	\$ 439,767	\$ 326,424	\$ 450,754	\$ 121,950	\$ 806,250	\$ 355,496
Year-End Fund Balance for HCP Funds	\$ 574,640	\$ 510,510	\$ 506,141	\$ 436,201	\$ 195,786	\$ (310,354)
Year-End Fund Balance for PG&E Battery Road 59 Restoration	\$ 7,100	\$ 7,445	\$ 3,550	\$ 3,550	\$ -	\$ (3,550)
Year-End Fund Balance for McKesson Property Improvements (Starting FY17/18)	\$ 420,784	\$ 449,504	\$ 320,784	\$ 316,299	\$ 216,299	\$ (104,485)
Total Year-End Fund Balance	\$ 1,002,524	\$ 991,675	\$ 830,475	\$ 756,050	\$ 412,085	\$ (418,390)

San Bruno Mountain Habitat Conservation Plan

FY 2021-22 Proposed Budget

Summary of Changes

Major differences between the FY 2020-21 Approved Budget, which the Board of Trustees approved on May 7th, 2020, and the FY 2021-22 Proposed Budget are explained below.

Total Available Funds

HCP Fund Interest

Interest revenue decreased due to lower interest rates and less cash held in the HCP fund.

Endowment Fund Interest

Interest revenue increased due more cash held in the endowment fund. This increase was partially offset by lower interest rates.

Revenue from HCP Fees

HCP fees increase annually based on economic indicators.

USFWS Grant

HCP was awarded a \$20,000 grant to complete a project to restore and enhance the San Francisco Lessingia population at the Daly City Dunes. This grant funding will be received via reimbursement for project expenditures.

PCA MTC Grant

HCP was awarded a \$137,900 grant to implement the Cattle Grazing Pilot Program. This grant funding will be received via reimbursement for project expenditures. It is anticipated that up to \$72,900 of grant funds will be reimbursed in FY2021-22

Toll Brothers Northeast Ridge Restoration

The City of Brisbane and the County of San Mateo have reached an agreement with Toll Brothers, the current property owner for the northeast ridge parcels to provide the HCP with funding in the amount of \$127,500 to complete the remainder of the parcel habitat restoration work need to accept the parcel dedication. Receipt of a check for this amount is anticipated in FY2021-22

Fund Balance

In the November 30, 2020 SBMHCP Board of Trustees meeting, it was approved by the Trustees that a portion of the Unrestricted Fund Balance would be allocated as matching funds for the Cattle Grazing Pilot Program grant award from the Metropolitan Transportation Commission,

and for special projects related to fuel reduction and fuel management in the SBMHCP area. This allocation, in addition to the actuals received as of 4/30/2021 explain the change in Year-end fund balance for FY2021-22

Total Requirements

Grazing Management HCP Trust Funds

In association with the MTC PCA grant award, the SBMCP Board of Trustees approved allocation of \$215,840 in matching funds for the project from Unrestricted Fund Balance for the SBMHCP trust fund on November 30, 2020. It is anticipated that in FY2021-22, up to \$128,000 of HCP trust funds will be expended for this project

Fuel Reduction

The SBMCP Board of Trustees approved allocation of \$100,000 for fuel reduction projects from the Unrestricted Fund Balance for the SBMHCP trust fund on November 30, 2020. It is anticipated that in FY2021-22, up to \$80,000 of HCP trust funds will be expended for these projects

Other Contracts

There is an ongoing \$6,000-dollar project to complete a thorough statistical analysis and provide a report on the historic butterfly monitoring data collected of the lifespan of the HCP. This project is being completed by Creekside Science.

USFWS SF Lessingia Restoration Grant

Work on this restoration project is underway in contract with San Bruno Mountain Watch. The total grant award is \$20,000, which will cover the entire cost of the project. It is anticipated that up to \$20,000 will be expended in FY2021-22.

Grazing Management PCA MTC Grant Funds

HCP was awarded a \$137,900 grant to implement the Cattle Grazing Pilot Program. This grant funding will be received via reimbursement for project expenditures. It is anticipated that up to \$72,900 of grant funds will be reimbursed in FY2021-22

Funds for Management of parcels 1,2 & 6

Due to poor weather conditions in the Spring of 2021 (frequent high winds), HCP County Parks has not been able to coordinate contractors to perform fennel control in these parcels. This work will be rescheduled for the Spring of 2022 as conditions allow

Toll Brothers Northeast Ridge Restoration

The City of Brisbane and San Mateo County Parks have reached an agreement with Toll Brothers, the current property owner for the northeast ridge parcels, to provide HCP with funding

in the amount of \$127,500 to complete the remainder of the parcel habitat restoration work need to accept the parcel dedication. Receipt of a check for this amount is anticipated in FY2021-22. This work in entirety is anticipated to be completed in FY2021-22, in advance of the cattle grazing pilot.

NRM Intern

This cost reflects hiring one intern position for a 6-month duration in FY2021-22 to assist with butterfly and habitat monitoring within the SBMHCP area.

Auditing Contract

Based on the contract executed with JJACP, Inc. in FY2020-21, auditing services are anticipated to cost \$1,800 for FY2021-22

Property Tax

A large portion of the property taxes for the San Bruno Mountain HCP were mistakenly paid by another department.

San Bruno Mountain Habitat Conservation Plan Trust

Meeting Minutes

May 7, 2020

The meeting convened at 3:00 p.m. via Zoom Online Conference Call.

TRUSTEES PRESENT: Mike Callagy (County of San Mateo), Clay Holstine (City of Brisbane), Mike Futrell (City of South San Francisco)

STAFF PRESENT: Hannah Ormshaw (SMCP NRM, HCP Habitat Manager), Stephen Stolte (City of Daly City), Nicholas Calderon (SMCP), Brett Jones (fiscal auditor), Sean Correa (SMCP NRM), Evan Cole (SMCP NRM), Rolando Jorquera (SMCP), Austin Lam (SMCP)

1. Oral Communications

There were none: no written public comments were submitted in advance of the meeting and the trustees made no comments at this time. Oral public comments were postponed until the end of the meeting.

2. Review and Approval of Minutes of December 12, 2019 Meeting

Action: Motion/Second Futrell/Callagy to approve the December 12, 2019 meeting minutes.

Motion carried 3-0.

3. Report Backs

- **Dedication Status Updates**
- Ms. Ormshaw provided a memo outlining updates on the Toll Brothers property dedication of Parcel 107 to the City of Brisbane, in conjunction with the development described in the 2008 HCP amendment.
- The dedication of this parcel is still outstanding. After a cease in communications from 2015-2019, the county has been in communication with Toll Brothers and the City of Brisbane to create a plan of action to finalize the dedication of the parcel and bring it under the ownership of the county and under the management of the HCP.
- In January 2020, City of Brisbane and county staff met to discuss next steps. A 2014 memo indicated that Toll Brothers wanted to come to an agreement to provide the county with the funds required to complete remaining restoration work per their restoration plan. There were negotiations at this time, but no agreement was made. It is the county's intention to have a vegetation

contractor prepare a cost estimate and scope of work for the remaining restoration activity to present to Toll Brothers so Toll Brothers can provide the necessary funds. The county would then oversee completion of the remaining restoration work on behalf of Toll Brothers in order to satisfy the dedication requirement that parcels be in a condition of needing minimal maintenance.

- Ms. Ormshaw will arrange an in-person field meeting with contractors to outline scope of work and restoration work required. This meeting has been delayed by restrictions on field work caused by COVID-19.

No action required for this item.

- **Status expenditures for maintenance work for Parcels 1,2 & 6 – South San Francisco**
- This topic was not discussed at this point during the meeting, but was touched on during agenda item 5, as part of the review and approval of the SBM HCP budget.

4. Review and Approval of Annual Audit of SBM HCP Trust Fund for FY 2018-19*

- Auditor Brett Jones gave an unmodified opinion of the audit, which is the highest opinion he can give.
- The auditor encountered no difficulties/issues conducting the audit.
- Following up on a prior finding regarding timeliness, the auditor considers that the finding was addressed and will therefore go away in the future.

Action: Motion/Second Futrell/Callagy to approve the audit.

Motion carried 3-0.

5. Review and Approval of the SBM HCP Budget

- **Review and Update of Planned Expenditures for Habitat Conservation Activities within the San Bruno Mountain Habitat Conservation Plan area for FY 2020-21***
- Allocations for each of the different fund uses are typical for the most part, following general allocation amounts applied on an annual basis:
 - \$150,000 to cover habitat management activities (weed control, scrub control, other butterfly habitat improvement)
 - \$20,000 for grazing management contracts – to have the certified rangeland ecologist help develop a grazing strategy, and for other professional advice.
 - \$15,000 for emergency response. Last year, these funds were used for follow-up after fires: to purchase erosion control materials post-burn and to pay for weed management once vegetation started re-growing in the burn area.

- \$100,000 for restoration activities on the McKesson Parcels
 - \$3,550 for PG&E lupine mitigation project in response to damage to lupine plants along Battery 59 Rd. This funding was provided by PG&E to the county to complete the work on their behalf.
 - \$48,186 carry over for restoration work on Parcels 1, 2 and 6. Still have pending work planned for FY 2019-20, though no expenses invoiced at this time. Contractor was ready to do fennel treatment in March 2020 to spend down funding, but the work had to be delayed because of shelter-in-place order. Contractor scheduled to be out the week of May 18. Need to assess the technique and effectiveness of the planned fennel treatment; the planned foliar spray treatment may not be as effective now because the fennel plants have grown larger in the weeks since March 2020.
 - Addition of funding for Natural Resource Management intern position. In past years, the county has hired Natural Resource Management interns to assist with butterfly monitoring activities and other required habitat monitoring and management tasks, such as host plant mapping. Fiscal staff decided that because this position is being created specifically to serve the goals of the HCP, it is suitable to categorize it as an HCP-related expense.
- Comments:
- Mr. Holstine observed that there was a period of time a number of years ago when the fund balance was very small and they were living from year to year. Now, there is a strong fund balance. Given the nature of revenues for the trust, do not need to have large balance for fund. Are there any ideas or plans to spend the fund balance down?
 - Ms. Ormshaw noted that she has not specifically had a discussion with fiscal staff about spending down the fund balance. She suggests that some of the balance could be spent on additional costs associated with the conservation grazing pilot program relating to planning and infrastructure. These costs would be one-time only and are not already included in current budget items.
 - Mr. Callagy suggested that the trustees could give Ms. Ormshaw and staff directions to come back with options as to what is most-needed on the mountain to spend down a specified amount of the balance over a specified time period. Or, Ms. Ormshaw and staff could propose options to spend down the balance, trustees could also bring options that further the goals/interests of the cities they represent, and then the options could be priced out and a pathway forward selected by the board.
 - Mr. Holstine remarked that his priority is the well-being of the mountain and that he does not have city-specific projects to propose. He sees

the strong fund balance as an opportunity to get ahead of things and supports Ms. Ormshaw and her staff coming back next year with ideas.

- Mr. Futrell concurs.
- Mr. Stolte, representing Daly City, finds it alarming that so much of the budget is going toward grazing. He notes that there is a mountain of evidence showing how bad grazing has been for the western U.S. He is concerned about introducing grazing in the last sliver of Franciscan habitat, as there are so many examples of grazing-related habitat damage in the Bay Area, including at Tomales Point and at some of the East Bay Regional Parks. Given the controversial nature of conservation grazing, he believes that grazing should be approached more cautiously. Daly City would like to be more involved in the planning process. What is the breadth of study for the monitoring program? Will the entire plant community be monitored? How will the study gauge the effects of grazing over time, taking into account short-term and long-term outcomes? Mr. Stolte also wants to know more about the ranchers who will bring the cattle. Will they gain revenue in exchange for being allowed access to protected land?
- Ms. Ormshaw agrees that there is a lot to discuss with regards to grazing, which warrants an additional focused discussion. She notes that NRM is interested in starting public engagement and outreach. NRM is conscious of the way grazing would act over the landscape and is thinking about how to reduce negative impacts to plant communities. Local evidence suggests that with the proper prescriptions, grazing can be very beneficial to grassland habitat and to butterflies. NRM will have a robust monitoring protocol in place to prevent negative impacts.
- Mr. Holstine observes that the trustees and Habitat Manager have been talking about grazing for over a decade. He would like to see progress on decision-making over the next year.
- Mr. Stolte anticipates that local Daly City Advocates will come out against grazing. He seeds a need to present balanced scientific perspectives in outreach material.
- Ms. Ormshaw will report back on how the fund balance can be spent down through future one-time projects.

Action: Motion/Second Futrell/Holstine to approve the FY2020-21 budget.

Motion carried 3-0.

6. Review of 2019-20 Annual Activities Highlights **

- Vegetation work was conducted in the following areas: Owl and Buckeye Canyons, Dairy and Wax Myrtle Ravines, Devil's Arroyo, the Southeast Ridge, Hillside Juncus, and the Northeast Ridge
 - The goal of vegetation work is to enhance grassland butterfly habitat.
 - Targets include scrub, broom, gorse, radish, oxalis, and eucalyptus.
 - Work conducted in 2019-2020 is shown in yellow on the map in the PowerPoint presentation, past work is shown in green, and priority areas for future vegetation management and areas where work has been performed in the past are marked in hatched green.
 - Overlap in 2019-20 work and past work reflects the need for repeated treatment to make sure weed removal efforts are effective.
- Creekside Science is working on more sophisticated statistical analysis of historic butterfly data. This was a budget item for FY 2018-19. The report they produce will be used to inform management decisions and recovery status.
- Cattle Grazing Pilot Progress: 2 sites (Northeast Ridge and Southeast Ridge) have been selected as pilot sites, with the goal of having grazing as an effective large-scale grassland management tool to help reduce non-native annual grass cover, thatch cover, and the amount of other non-native species that threaten butterfly habitat (host plants and nectar plants) should the pilot go well.
 - This spring, LD Ford Rangeland Conservation Science is conducting a baseline grassland productivity study to estimate how many cattle the grassland could support in terms of grass availability.
 - Nomad Ecology is conducting a baseline biological resources assessment to establish which vegetation communities and which sensitive resources are present and to update host plant maps. This will help NRM plan the grazing pilot according to which biological resources are present at the sites.
- Ongoing Mission Blue translocations have occurred this spring, carried out by SF Recreation and Parks and the Golden Gate National Recreation Area. These entities collect a set quota of adult Mission Blue butterflies (established by USFWS permits) and relocate them to Twin Peaks and Milagra Ridge, in order to supplement the smaller populations present at these locations.
- Additional Bay Checkerspot larvae were translocated from Coyote Ridge in the South Bay to San Bruno Mountain. Ongoing monitoring by Creekside Science has shown success with this reintroduction: all life stages of Bay Checkerspot have been observed, which is good evidence that the Bay Checkerspot larvae introduced have been surviving and reproducing.
- Volunteer restoration continues: there are ongoing events at sites near the main park entrance and Colma Creek headwaters, as well as events led by San Bruno Mountain Watch. NRM will continue to host and expand these volunteer events in the future.

- Since the last meeting in December, a large patch of gorse burned on the Saddle, near the youth camp.
- Upcoming in 2020-21:
 - San Bruno Elfin larval monitoring (May to early June) and Callippe Silverspot adult monitoring (mid-May to mid-July).
 - Ongoing habitat enhancement efforts and planning for treatments and priorities for fall and winter 2020 and winter and spring of 2021.
 - Grazing pilot program surveys and planning: creation of grazing plan and public engagement
 - Pending dedication of the northeast ridge parcels

No action required for this update.

7. Upcoming Meetings*

- **Grazing TAC**
 - Last meeting was in March 2020. Anticipate having quarterly TAC meetings this summer, fall, and winter.
- **Natural Resource Coordination – Quarterly**
 - Had spring meeting on May 6, 2020. These meetings bring together San Bruno Mountain Watch, U.S. Fish and Wildlife Service, members of the California Native Plant Society, and other volunteers and stakeholders interested in the natural resource management activities that take place on the mountain.
- **2020 Annual Field Tour**
 - Typically host annual field tour in May. This year's is postponed indefinitely. Based on how things proceed, it could take place in the fall.
- **Trustees Meeting – May 2021**
 - The timing of a May meeting works well for fiscal staff to prepare the budget information and to be able to present budget information to trustees in advance of a new fiscal year.
 - Mr. Holstine observes that Zoom meetings work well and are a good future option, in light of the time it takes to travel to Redwood City. Mr. Futrell agrees.

8. Window for Public Comment.

There were none.

Action: Motion/Second Callagy/Futrell to adjourn the meeting.

Motion carried 3-0.

* Oral Report

****PowerPoint presentation**

San Bruno Mountain Habitat Conservation Plan Trust

Meeting Minutes

November 30, 2020

The meeting convened at 10:00 a.m. via Zoom Online Conference Call.

TRUSTEES PRESENT: Mike Callagy (County of San Mateo), Clay Holstine (City of Brisbane), Shawna Maltbie (City of Daly City), Mike Futrell (City of South San Francisco)

STAFF PRESENT: Hannah Ormshaw (SMCP NRM, HCP Habitat Manager), Stephen Stolte (City of Daly City), Nicholas Calderon (SMCP), Sean Correa (SMCP NRM), Evam Cole (SMCP NRM), Rolando Jorquera (SMCP), Austin Lam (SMCP)

1. Public Comment

There were no public comments.

2. Review and Approve Proposal for the Utilization of Unrestricted Fund Balance for the Habitat Conservation Plan Trust Fund and Accept Grant Funding in the Amount of \$137,900 from the State Coastal Conservancy and the Metropolitan Transportation Commission, and \$20,000 from the US Fish and Wildlife Service.

- a. Current Unrestricted Fund Balance is \$408,847.85
 - b. Recommend Board to authorize allocation of \$215,840 of fund balance and accept \$137,900 grant award. Fund balance allocation contributes to 2:1 match requirement for the awarded grant funds. Match contribution accounts for the \$20,000 existing annual budget allocation for grazing program, over 3-year term of grant (\$60,000 total). The grant proposal is to fund the implementation of the cattle grazing pilot program.
 - c. Recommend Board to authorize allocation of \$100,000 for reduction of high fire-risk vegetation within HCP area
 - d. Would result in reduction of Fund Balance to \$89,007.85
 - e. Recommend Board to accept a U.S. Fish and Wildlife Service awarded grant of \$20,000 for a restoration project for the Federally Endangered San Francisco Lessingia.
- During the May 2020 HCP Trust meeting, the Board requested that Ms. Ormshaw and staff consider options for how to utilize the large existing balance from the HCP Trust Fund. During the May meeting, trustees observed that due to the secure nature of the trust fund's revenue, there was no need to maintain such a significant balance. This agenda item follows up on that request and provides updates on grant opportunities the county has been pursuing.
 - Three different projects are under consideration for this agenda item: the SBM HCP Cattle Grazing Pilot Program, a project to support fuel reduction work at

SBM, and a project to restore and enhance a population of SF Lessingia, a federally endangered plant species present at SBM.

– **HCP Cattle Grazing Pilot Program**

- The County Parks Department has been working on this project since 2018. The main focus so far has been on planning – conducting initial studies, feasibility studies, and working with the TAC to get recommendations for the program.
- The program has been funded by annual allocations of between \$20,000 and \$40,000 as part of the annual HCP budget.
- The request is for part of the trust fund balance to be used as matching funds for a grant opportunity that has been recommended for award through the Priority Conservation Area Grant Program. This grant program is a regional grant program overseen by the State Coastal Conservancy, Metropolitan Transportation Commission, and the Association of Bay Area Governments. San Bruno Mountain has been identified as a regionally significant open space in the Bay Area, making it eligible for the Priority Conservation Area Grant Program.
- The Department was invited to apply for funding under a mini-grant round opened in the summer of 2020. For this grant application, the county submitted a proposal to fund planning stages and infrastructure installation for the Cattle Grazing Pilot Program.
- Awarded grant funds (\$137,900) would represent one-third of the total project cost. The remaining match requirement would total \$275,840. Of this \$275,840, the secured match is \$60,000, representing three years of the existing \$20,000 annual budget allocation. The pending match is \$215,840 to bring the total project cost to \$413,740. This budget would cover the items listed in the table from the memo – developing a monitoring and reporting plan, developing a grazing strategy, conducting pre-grazing monitoring and a pre-grazing grassland productivity study, and installing fencing infrastructure, water and access.
- Mr. Holstine noted that the Northeast Ridge pilot site is very close to houses. The Department, likely in conjunction with the City of Brisbane, will need to put extensive effort into educating the public on what's happening and why it's happening before cattle are brought to the mountain. He recommends that the county get in touch with Caroline Cheung, the communications manager in his office.
- Ms. Ormshaw agreed that public outreach, especially for park neighbors but also for other constituents of San Mateo County, will be a huge and important component of the grazing pilot.

– **Fuel reduction and fire break installation within the SBM HCP Area**

- Within HCP document itself, installing fire breaks and creating fire buffers is identified as necessary to protect developments. While the specifications in the HCP are more applicable to new developments, the Department has identified that fuel reduction and fire break installation is a high priority for existing developments too.

- In February 2020, a 5.2 acre area of gorse near the Youth Camp burned. In response, the Department has developed a plan and initiated treatment of the 5.2 acre area and an adjacent 7.7 acre area, which is a full stand of gorse. The plan is to eradicate gorse in these areas and reduce the fuel and fire risk posed by this vegetation type.
- To date, the Department has implemented the majority of the initial treatment by having in-house operators crush and masticate the gorse. However, the species is likely to re-sprout and persist, as seeds can remain viable in the seed bank for a long time.
- The request is to allocate a portion of the fund balance for the re-treatment of the gorse stands. The plan relies on vegetation contractors applying herbicides for follow-up treatment, but the Department also investigated the use of goats who can browse on gorse seedlings.
- The re-treatment plan will likely involve a combination of these chemical and mechanical means to suppress and eradicate the gorse and prepare the area for native species reintroduction.
- Looking for an allocation of \$100,000. \$60,000 would fund gorse re-treatment efforts over 3 years, and \$40,000 would be used to thin and reduce stand density of eucalyptus groves that are present along the boundary of the park and pose some fuel risk for adjacent communities.
- **Grant Award from USFWS**
 - In cooperation with San Bruno Mountain Watch, the Department submitted a proposal this summer to USFWS for a project that would promote the expansion of and do habitat restoration work for endangered SF *Lessingia*.
 - This project would primarily be carried out by San Bruno Mountain Watch, as it builds on previous volunteer stewardship efforts they have been leading in the Daly City dunes area where this species is present.
 - The grant would fund nursery propagation and seed expansion of the species at the Mission Blue nursery as well as San Bruno Mountain Watch's time to manage and implement the project.
 - The grant was awarded in the amount of \$20,000. For this item, the recommendation is that the Board of Trustees accept the grant-funding to support this project.

Action: Motion/Second Callagy/Futrell to approve the item.

Motion carried 4-0.

3. Review Selected Vendor Contracts for Various Services for the San Bruno Mountain Habitat Conservation Plan.

- a. Selected vendor contracts for various on-call biological and ecological services
- b. Selected vendor contract for SBMHCP Trust Fund auditing services

- County Parks Department selected a suite of on-call contractors and executed agreements with them to conduct various biological and ecological services within the HCP area. These services include tree removal and limbing, biological monitoring, vegetation management, ecological restoration, and rangeland management.
- Having on-call agreements in place facilitates the Department’s implementation of various routine projects focused on habitat enhancement, invasive species control, and monitoring and habitat restoration projects for endangered species.
- A Request for Proposals (RFP) was released in July 2020 and the agreements were executed in September 2020 at the approval of the County Board of Supervisors, with varying not-to-exceed amounts between \$100,000 to \$500,000. The agreements have 3-year terms. Projects involving these contractors could use funding from anticipated grants and additional Department funding.
- Department also released an RFP for qualified auditing firms, in October. This is to re-initiate a contract for an auditing firm for the SBMHCP Trust. 7 firms were contacted and 2 firms responded. The firm selected was JJACPA, Inc., which is the firm that has provided auditing services for the SBMHCP Trust Fund for the last several years. This is another 3-year agreement, with a total cost of \$5,400.
- Questions:
 - Mr. Holstine asked about what is anticipated for the agreement with Lawrence D. Ford, the Rangeland Management contractor.
 - Ms. Ormshaw responded that some of the funding would be for participation in the Technical Advisory Committee, so for time to advise on the cattle grazing program. In addition, there would be the development of the grazing strategy, which is a document that must be written by a certified rangeland consultant. There would also be repeated effort to measure and monitor grassland productivity within grazing areas. Grassland productivity studies involve measuring residual dry matter, grass height, and above-ground biomass to determine what amount of grass is available to support cattle. Repeated studies are needed to ensure that grazing stays within appropriate targets for residual dry matter and remaining grass cover.

No action required for this update.

Mr. Callagy asked if anyone had additional questions or if Ms. Ormshaw had any other information or updates to impart.

- Mr. Holstine asked about the anticipated timeline for the grazing program.
- Ms. Ormshaw outlined the timeline from the grant proposal. She is anticipating that the coming year would be focused on the remaining planning items: planning for infrastructure installation, establishing a lease agreement with a grazing tenant, and creating a biological monitoring plan. She estimates that the infrastructure would be installed in 2022 and the cattle would be brought to the mountain in fall 2022.
- No further questions or comments were raised.

Mr. Callagy closed the meeting.

**SAN BRUNO MOUNTAIN HABITAT
CONSERVATION PLAN TRUST FUND**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2020

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San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

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San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Elected Officials

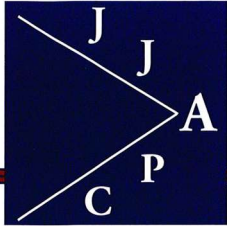
TRUSTEES

Mike Futrell

Clay Holstine

Shawna Maltbie

Michael Callagy



JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Trustees of the
San Bruno Mountain Habitat Conservation Plan Trust Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison information of the San Bruno Mountain Habitat Conservation Plant Trust Fund (Trust Fund), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the budgetary comparison information of the Trust Fund, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, though not a part of the basic financial statements, is required by the Governmental Accounting Standard Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021 on our consideration of the Trust Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust Fund's internal control over financial reporting and compliance.

January 25, 2021

JJACPA, Inc.
JJACPA, Inc
Dublin, CA

BASIC FINANCIAL STATEMENTS

San Bruno Mountain Habitat Conservation Plan Trust Fund

Statement of Net Position

June 30, 2020

	<u>2020</u>
ASSETS	
Current assets:	
Cash and investments	\$ 695,947
Accounts receivable:	
Accounts	219,014
Interest	3,208
Total assets	<u><u>\$ 918,169</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 28,156
Total liabilities	<u>28,156</u>
NET POSITION	
Restricted for:	
McKesson property	449,504
Parcel maintenance	24,216
Battery Road 59	7,444
Unrestricted	408,849
Total net position	<u>890,013</u>
Total liabilities and net position	<u><u>\$ 918,169</u></u>

The accompanying notes are an integral part of these basic financial statements.

San Bruno Mountain Habitat Conservation Plan Trust Fund

Statement of Activities

For the year ended June 30, 2020

	<u>2020</u>
OPERATING REVENUES:	
Other charges	\$ 188,505
Total operating revenues	<u>188,505</u>
OPERATING EXPENSES	
Professional fees	263,347
Special contract services	42,500
Total operating expenses	<u>305,847</u>
Operating income	<u>(117,342)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	15,075
Gifts and Donations	14,006
Taxes and assessments	(20,577)
Total nonoperating revenues (expenses)	<u>8,504</u>
Change in net position	(108,838)
NET POSITION (DEFICIT):	
Beginning of year	998,851
End of year	<u>\$ 890,013</u>

The accompanying notes are an integral part of these basic financial statements.

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FUND FINANCIAL STATEMENTS

San Bruno Mountain Habitat Conservation Plan Trust Fund

Balance Sheet

June 30, 2020

	<u>2020</u>
ASSETS	
Current assets:	
Cash and investments	\$ 695,947
Accounts receivable:	
Accounts	219,014
Interest	3,208
Total current assets	<u>918,169</u>
Total assets	<u>\$ 918,169</u>
LIABILITIES AND FUND BALANCES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 28,156
Total current liabilities	<u>28,156</u>
FUND BALANCE	
Restricted	481,164
Unassigned	408,849
Total fund balance	<u>890,013</u>
Total liabilities and fund balance	<u>\$ 918,169</u>
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
Total fund balances - total governmental funds	\$ 890,013
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Deferred inflows are reported in governmental funds on the modified accrual basis and are recognized as revenue on the accrual basis in the government-wide statements.	<u>-</u>
Net position of governmental activities	<u>\$ 890,013</u>

The accompanying notes are an integral part of these basic financial statements.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the year ended June 30, 2020

	<u>2020</u>
REVENUES:	
Other charges	\$ 188,505
Interest revenue	15,075
Gifts and Donations	14,006
Total revenues	<u>217,586</u>
EXPENDITURES	
Professional fees	263,347
Special contract services	42,500
Taxes and assessments	20,577
Total expenditures	<u>326,424</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(108,838)</u>
Net Change in fund balance	(108,838)
FUND BALANCE (DEFICIT):	
Beginning of year	998,851
End of year	<u>\$ 890,013</u>
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Net change in fund balances - total governmental funds	\$ (108,838)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some receivables are deferred in the governmental funds because the amounts do not represent current financial resources that are recognized under the accrual basis in the Statement of Activities.	
Change in net position of governmental activities	<u>\$ (108,838)</u>

The accompanying notes are an integral part of these basic financial statements.

San Bruno Mountain Habitat Conservation Plan Trust Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

For the year ended June 30, 2020

	Original Budget	Final Budget	2020 Actual	Variance Positive (Negative)
REVENUES:				
Other charges	\$ 234,696	\$ 234,696	\$ 188,505	\$ (46,191)
Interest revenue	100,139	100,139	15,075	(85,064)
Gifts and Donations	14,006	14,006	14,006	-
Total Revenues	<u>348,841</u>	<u>348,841</u>	<u>217,586</u>	<u>(131,255)</u>
EXPENDITURES:				
Professional fees	396,267	396,267	263,347	132,920
Special contract services	42,500	42,500	42,500	-
Taxes and assessments	1,000	1,000	20,577	(19,577)
Total Expenditures	<u>439,767</u>	<u>439,767</u>	<u>326,424</u>	<u>113,343</u>
REVENUES OVER (UNDER) EXPENDITURES	(90,926)	(90,926)	(108,838)	(17,912)
OTHER FINANCING SOURCES (USES):				
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (90,926)</u>	<u>\$ (90,926)</u>	<u>\$ (108,838)</u>	<u>\$ (17,912)</u>
FUND BALANCES (DEFICIT):				
Beginning of year			998,851	
End of year			<u>\$ 890,013</u>	

The accompanying notes are an integral part of these basic financial statements.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The San Bruno Mountain Habitat Conservation Trust Fund (Trust Fund) was created to carry out the purpose and provisions of the San Bruno Mountain Habitat Conservation Plan (the HCP), which attempts to resolve the endangered species and development conflict. The HCP allows limited development of endangered species habitat in exchange for implementation of a long-term program, funded by development, to protect and enhance the remaining portions of the San Bruno Mountain as habitat for the Mission Blue Butterfly and Callippe Silverspot Butterfly.

The HCP was adopted in 1983 and covers the entire area of San Bruno Mountain. The permit necessary to administer the HCP was issued by the U.S. Fish and Wildlife Service in 1983 and is in effect for thirty years. In 1983 the Trust Fund was also established by an agreement among the U.S. Fish and Wildlife Service (USFWS), the California Department of Fish and Game, the California Department of Parks and Recreation, the County of San Mateo, the City of South San Francisco, the City of Brisbane, the City of Daly City and certain land developers. The members of the Board of Trustees are the County Manager of the County of San Mateo and the City Managers of the cities of Brisbane, Daly City and South San Francisco.

In 2013 the County of San Mateo (County), as Plan Operator, extended the Section 10(a) ("Incidental Take") Permit with the USFWS for the existing HCP including all five approved amendments for another 30 years.

The Trust Fund is an entity separate from each participating entity and the Board of Trustees controls the operations of the Trust Fund. Funding is provided by developers during construction and permanent and ongoing funding is provided by the new homeowners through the term of the Plan. The Trust Fund is administered by the San Mateo County Parks Department.

The Trust Fund's financial transactions are accounted for in a Special Revenue Fund, as monies received by it are legally restricted to specific use. Trust Fund monies can only be expended for purposes authorized by the HCP agreement. Revenues received and expenditures incurred pertaining to the HCP amendment are accounted for in a separate fund maintained by the County.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) and fund financial statements are presented for the Special Revenue Fund, a governmental fund, which accounts for all transactions of the Trust Fund. Under the current financial reporting model, governments are required to present government-wide and fund financial statements along with reconciliations between the two. See 'Measurement Focus, Basis of Accounting and Financial Statement Presentation' below.

The statement of activities presents a comparison between direct expenses and program revenues of the Trust Fund. *Direct expenses* are those that are specifically associated with the Trust Fund. *Program revenues* refer to grants, contributions and other revenues that meet the operational or capital requirements of the program. Any revenues not classified as program revenues represent *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Trust Fund considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Fee assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Trust Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Trust Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: Cash is pooled with other funds of the County to earn a higher rate of return than could be earned by investing the funds individually. The Trust Fund considers its equity in the County's investment pool to be cash equivalents.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Revenues: Amounts reported as *program revenues* include 1) fees assessed to homeowners and developers for services provided, 2) operating contributions, and 3) capital grants and contributions, if applicable.

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

Budgetary Information

The Board of Trustees approves and adopts an annual operating budget, which can be amended by the Board throughout the year. The basis used to prepare the budget is the same as used to reflect actual revenues and expenditures. No supplemental appropriations were adopted for the year.

2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Cash is pooled with other funds in the San Mateo County Investment Pool (County Pool), which is a governmental investment pool managed and directed by the elected San Mateo County Treasurer. The County Pool is not registered with the Securities and Exchange Commission. An oversight committee comprised of local government officials and various participants provide oversight to the management of the fund. The Trust Fund is a voluntary participant in the County Pool.

Cash and cash equivalents in the County Pool are reported at fair value, as required by GASB 31. The change in fair value for the year is recorded as unrealized gain or loss and reported as part of investment earnings. Fair value is based on information provided by the County Treasurer.

Authorized Investments of the County Pool

The County Pool's Investment Policy and the California Government Code allow the County Pool to invest in the following, provided the credit ratings of the issuers are acceptable to the County Pool. The following also identifies certain requirements of the County Pool and California Government Code that address interest rate risk, credit risk, and concentrations of credit risk:

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % Allowed in Portfolio	Maximum % Investment in One Issuer
U.S. Treasury Obligations	7 years	-	100	100
Obligations of U.S. Agencies or government sponsored enterprises	7 years	-	100	40
Bankers' Acceptances	180 days	A1/P1	15	5
Collateralized time deposits within the state of California	1 year	-	15	5
Negotiable certificates of deposit	5 years	-	30	5
Commercial paper/Floating rate notes	270 days or less	A1/P1	40	5
Repurchase agreements	92 days	-	100	25
Corporate bonds and medium term notes	5 years	A	30	5
			Up to the current state	
Local Agency Investment Fund (LAIF)	-	-	limit	-
Shares of beneficial interest	-	-	10	5
Mortgage backed securities	5 years	A	20	5

County Pool: Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the San Mateo County's Investment Policy limit the County Pool investments in commercial paper to the rating of "A1" or better by Standards & Poor or "P1" or better by Moody's Investors Service. State law and the San Mateo County's Investment Policy also limit County Pool investments in corporate bonds to the rating of "A" or higher by both Standards & Poor's and Moody's Investors Service. No limits are placed on the U.S. government agency securities and U.S. Treasuries.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

At June 30, 2020, the County Pool was invested in the following securities:

Investment Type	Standard & Poor's Rating	% of Portfolio
Negotiable Certificate of Deposit		
Negotiable Certificate of Deposit	AA-	2.27%
Negotiable Certificate of Deposit	A1+	0.82%
Negotiable Certificate of Deposit	A1	0.41%
Negotiable Certificate of Deposit	A+	2.09%
Negotiable Certificate of Deposit	A	0.58%
U.S. Government Securities		
U.S. Treasury Securities	AA+	42.66%
U.S. Instrumentalities	AAA	6.34%
U.S. Government Agency Securities		
Federal Home Loan Bank	AA+	8.74%
Federal Home Loan Mortgage Corporation	AA+	2.37%
Federal Home Loan Bank - Floating rate	AA+	0.25%
Federal Farm Credit Bank	AA+	0.78%
Federal Farm Credit Bank - Floating Rate	AA+	0.90%
Federal National Mortgage Association	AA+	4.37%
Corporate bonds		
Corporate Bonds	AA+	0.48%
Corporate Bonds	AA	0.52%
Corporate Bonds	AA-	2.19%
Corporate Bonds	A+	2.88%
Corporate Bonds	A	4.29%
Corporate Bonds	A-	2.36%
Corporate Bonds	BBB+	0.71%
Corporate Bonds Floating Rate Securities	AA+	0.12%
Corporate Bonds Floating Rate Securities	AA-	0.16%
Corporate Bonds Floating Rate Securities	A1	0.16%
Corporate Bonds Floating Rate Securities	A+	1.28%
Corporate Bonds Floating Rate Securities	A	0.25%
Corporate Bonds Floating Rate Securities	A-	0.68%
Asset Backed Securities	AAA	1.46%
Municipal Bonds	AAA	0.10%
Municipal Bonds	AA-	0.21%
Money Market Funds	AAA	0.06%
Local Agency Investment Fund	Not rates	1.23%
California Asset Management Program	AAA	6.25%
Commercial Paper	A1+	0.09%
Commercial Paper	A1	1.94%
Total		100.00%

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. State law and the County Investment Policy restrict the County's investments in U.S. Treasury Obligations to 100% of its portfolio (100% per issuer); Obligations of U.S. Agencies or government sponsored enterprises to 100% (40% per issuer); banker's acceptance to 15% (5% per issuer); collateralized time deposits within the State to 15% (5% per issuer), negotiable

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

2. CASH AND CASH EQUIVALENTS, Continued

certificates of deposit, corporate bonds and medium-term notes to 30% (5% per issuer); commercial paper to 40% (5% per issuer); repurchase agreements secured by U.S. Treasury or agency obligation to 100% (100% per issuer for U.S. Treasuries and 40% per issuer for agency obligations); shares of beneficial interest issued by diversified management companies as defined in Government Code section 53601 to 10% (5% per issuer); and mortgage backed securities to 20% (5% per issuer). As of June 30, 2020, the investment pool has more than 5% of its total investments with the following issuer: 22.28% in Federal Home Loan Bank.

County Pool: Foreign Currency Risk

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment or deposit. The County investment policy does not include specific provisions to address foreign currency risk as it does not hold foreign securities.

County Pool: Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. The County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy. As of June 30, 2020, the County Pool had a weighted average maturity of .93 years and its investment in floating rate securities was \$313.6 million which are tied to the three-month London Interbank Offered Rate (LIBOR) index.

3. RECEIVABLES

Accounts Receivable

Accounts receivable represent amounts due from developers and homeowners for fees assessed during the year. For June 30, 2020, accounts receivable is as follows:

	<u>2020</u>
Accounts Receivable	<u>\$ 219,014</u>
Total Accounts Receivable	<u><u>\$ 219,014</u></u>

Interest Receivable

The interest receivable balance represents fourth quarter investment earnings due from the County Treasurer for each fiscal year ended.

In addition, the Trust Fund receives interest payments from an endowment held for the benefit of San Bruno Mountain. These payments will be received until the endowment is used for the purpose intended.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

4. ACCOUNTS PAYABLE

Accounts payable comprises of amounts due for contracted services at fiscal year-end as follows:

	<u>2020</u>
Contract services	<u>\$ 28,156</u>
Accounts Payable	<u>\$ 28,156</u>

5. REVENUES

The Trust Fund's major sources of revenue are collections from homeowners, homeowner associations and developers for fees assessed per the HCP agreement. Contributions are deposited monthly, quarterly or annually, based on the agreements signed at the time construction began.

Other sources of revenue include the following: a) interest income received quarterly from the County Treasurer b) funds from developers, which represent reimbursements for costs associated with the HCP and incurred by the Trust Fund and c) additional contributions from individuals developing adjacent to HCP boundaries.

6. FUND BALANCES/NET POSITION

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the Trust Fund's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Currently, the Trust Fund uses only the restricted and unassigned categories.

	<u>2020</u>
Restricted for:	
McKesson property	\$ 449,504
Parcel maintenance	24,216
Battery Road	7,444
Unassigned	408,849
Total Fund Balance	<u>\$ 890,013</u>

- *McKesson property*: Represents amounts set aside for the maintenance of McKesson property.
- *Parcel maintenance*: Represents amounts set aside for the maintenance of parcels 1, 2 and 6.
- *Battery Road*: Represents amounts set aside for the maintenance of Battery Road 59.

San Bruno Mountain Habitat Conservation Plan Trust Fund
Basic Financial Statements
For the year ended June 30, 2020

Notes to Basic Financial Statements

6. FUND BALANCES/NET POSITION, Continued

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Governing Board action. Unrestricted amounts reflect balances available for current operations.

	<u>Net Position</u>
Restricted for:	
McKesson property	\$ 449,504
Parcel maintenance	24,216
Battery Road	7,444
Unrestricted	<u>408,849</u>
Total	<u>\$ 890,013</u>

Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions above.

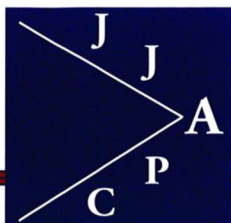
7. RISK MANAGEMENT

As per the Agreement, the County added the Trust Fund to its excess liability insurance coverage. The existing insurance coverage is current as of the issuance of this report. County Counsel provides legal representation for any claims or litigation of the Trust Fund at no charge.

8. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Trust Fund is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Trust Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Trust Fund's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Trust Fund's financial position and changes in net position, fund balance and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditor's Report

To the Trustees of the
San Bruno Mountain Habitat Conservation Plan Trust Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison information of the San Bruno Mountain Habitat Conservation Plan Trust Fund (Trust Fund), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Trust Fund's basic financial statements, and have issued our report thereon dated January 25, 2021

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 25, 2021

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA