



Open Space
Preservation District

**Annual Financial
Report**

Fiscal Year 2015-16

Program Year Ending June 30, 2016

Open Space Preservation District

Since the City's incorporation in 1987, the City has made a significant effort to preserve the greenbelt and undeveloped land within and outside the City.

Preserving open space in and around the City has always been an important priority for the community and City Council. In July 2007, City of Santa Clarita property owners voted in favor of creating the Open Space Preservation District (OSPD). The District is designed to expand the City's Open Space, Park, and Parkland Program in order to preserve natural land from development, create more parks for community usage, and protect rare biological and geological regions.

The special assessment paid by City property owners gives the City a seat at the table to purchase land that could otherwise be developed and put pressure on the City's precious natural resources. Additionally, the OSPD greatly assists the City in preserving natural lands, retaining wildlife corridors, and completing the City's greenbelt buffer.

Financial Accountability and Audit Panel

The Santa Clarita Financial Accountability and Audit Panel (Panel) was established by the City Council in May 2007. The Panel is responsible for:

- Reviewing and approving the annual work program to ensure land acquisition priorities are adhered to.
- Reviewing the accounting of funds generated by the Preservation District.
- Working in conjunction with the City's independent auditor to ensure the Preservation District funds were spent properly and that good fiscal management of the funds is occurring.
- Making determinations as to whether the proposed expenditures are consistent with the criteria and the requirements established in the Engineer's Report.
- Preparing an annual written report for the public, summarizing the items above.

The Panel is not responsible for the selection of land to be acquired by the City; rather, prospective land acquisition is the responsibility and authority of the City Council. Additional responsibilities, duties, and guidelines of the Panel will be outlined and formally approved in the Panel's Bylaws.

Financial Accountability and Audit Panel Members Fiscal Year 2015-16

Sandra Cattell, Chair
Susan Orloff, Vice-Chair
Wendy Langhans
James Farley
Spence Leafdale

Open Space Acquisition Update FY 2015-16

The Open Space Acquisition Implementation Work Program for the City of Santa Clarita is a document that outlines the acquisition principles and guidelines used to acquire vacant land and bring them into public ownership as open space. The Work Program also identifies procedures to evaluate and rank potential open space for acquisition and maximizes the limited funding and resources available for land acquisition and the OSPD funds. Following the established land acquisition priorities identified in the Annual Work Program, improvements continued to be made to previously purchased properties, while staff worked on the negotiations, grant submittals, and coordination of funding partners for additional properties.

In 2011, the City engaged the Trust for Public Land (TPL) to take the lead on negotiations with the owners of the 302-acre Gateway Ranch property. Gateway Ranch was previously slated to be part of the massive Las Lomas development of over 5,000 homes. Negotiations continued with the property owner, and in 2013, a purchase price was agreed to. During this time, the California Department of Fish and Wildlife conducted a wildlife study of the area, submitting it to the State Resources Agency. The Santa Clarita Conservation Corridor was approved as a Conceptual Area Protection Plan, making it eligible for funding by multiple granting agencies. In 2014, TPL closed escrow on Gateway Ranch and deeded it to the City of Santa Clarita.

TPL has continued negotiations with the owners of Valley Vista, 232 acres west of Interstate 5 adjacent to Gateway Ranch. Acquisition of the Valley Vista property is anticipated in FY 2016-17.

During FY 2014-15, 589 acres were purchased, including the 173-acre Aidlin property and 302 acres at Gateway Ranch. In addition, the 114-acre Taylor property was acquired, which will provide trail connections to the north of Towsley Canyon, Santa Clarita Valley's most popular hiking spot.

During FY 2015-16, 72 acres were purchased, including the 59-acre Pryor property in Quigley Canyon and 13 acre Alfieri property in the Eastern Greenbelt adjacent to the CEMEX property.

To date, City residents can enjoy over 80 miles of trails, with over half located within the Open Space. During Fiscal Year 2015-16, the Calgrove Fire burned a majority of the Wildwood Canyon Open Space. Refurbishment of the trails, walking bridges and kiosks took place, and area hazard-mitigation measures included installation of debris flow barriers by Los Angeles County Public Works. In addition, access improvements were completed in Gateway Ranch and Open Space.

MRCA rangers continue to be under contract and have broadened areas of responsibility as more properties are being acquired. The rangers address issues of dumping, off-road vehicle use, and other illegal activities that are reported or observed in the Open Space, which improves public safety and reduces environmental impacts in the Open Space.

OSPД Property Acquisition Summary (year to date)

Date	Property	Acres	Actual	Adjustments	Adjusted Actuals	%	Funding
September 2009	East Walker Ranch	140 +/-	\$751,788	\$1,091,649	\$1,843,437	75%	Open Space Preservation District Fund Environmental Mitigation Funds General Fund (Developer Contribution) Los Angeles County Prop A
			\$647,364	(\$647,364)	\$0	0%	
			\$800,000	(\$444,285)	\$355,715	15%	
			\$250,000		\$250,000	10%	
			\$2,449,152	\$0	\$2,449,152	100%	
October 2009	Placerita/Quigley Canyon	10 +/-	\$473,176	\$115,000	\$588,176	100%	Open Space Preservation District Environmental Mitigation Funds
			\$115,000	(\$115,000)	\$0		
			\$588,176	\$0	\$588,176	100%	
October 2010	Rodda/Agua Dulce Partners (in Soledad Canyon)	243 +/-	\$542,761		\$542,761	42%	Open Space Preservation District Rivers and Mountains Conservancy Grant
			\$750,000		\$750,000	58%	
			\$1,292,761	\$0	\$1,292,761	100%	
October 2010	Elsmere Canyon	842 +/-	\$3,753,416		\$3,753,416	63%	Open Space Preservation District L.A. County Sunshine Canyon Land L.A. County Prop A Grant Santa Monica Mtns Conservancy - Prop 84
			\$1,000,000		\$1,000,000	17%	
			\$750,000		\$750,000	12%	
			\$500,000		\$500,000	8%	
			\$6,003,416	\$0	\$6,003,416	100%	
February 2011	Wildwood Canyon	90 +/-	\$374,507	\$89,672	\$464,179	100%	Open Space Preservation District Environmental Mitigation Funds
			\$89,672	(\$89,672)	\$0		
			\$464,179	\$0	\$464,179	100%	
June 2011	Haskell Canyon	526 +/-	\$2,900,150	\$205,926	\$3,106,076	100%	Open Space Preservation District Environmental Mitigation Funds
			\$205,926	(\$205,926)	\$0	-	
			\$3,106,076	\$0	\$3,106,076	100%	
November 2011	Prince/Placerita Canyon	17 +/-	\$72,000	(\$9,745)	\$62,255	78%	Open Space Preservation District Environmental Mitigation Funds
			\$8,255	\$9,745	\$18,000	22%	
			\$80,255	\$0	\$80,255	100%	

June 2012	Nominn	25 +/-	\$1,388,500	(\$1,333,018)	\$55,482	1%	OSPD
	Nominn* (non-OSPD)	1001 +/-	\$715,000	\$0	\$715,000	16%	L.A. County Prop Prop A Wildlife Conservation Board Environmental Mitigation Land Acquisition General Fund
			\$2,470,000	\$0	\$2,470,000	54%	
			\$0	\$1,001,739	\$1,001,739	22%	
			\$0	\$331,279	\$331,279	7%	
\$4,573,500	\$0	\$4,573,500	100%				
October 2012	Wildwood/ Haskell Vista	5 +/-	\$40,574	\$0	\$40,574	100%	Open Space Preservation District
			\$40,574	\$0	\$40,574	100%	
April 2013	Williams* (non-OSPD)	56 +/-	\$159,484	(\$159,484)	\$0		Open Space Preservation District Environmental Mitigation Funds
			\$0	\$159,484	\$159,484	100%	
			\$159,484	\$0	\$159,484	100%	
October 2014	Gateway Ranch	302 +/-	\$2,133,668	\$0	\$2,133,668	39%	Open Space Preservation District State of CA Natural Resources Agency LA County – Prop A State of CA Wildlife Conservation Board Grant <i>TPL assisted with the filing for all these grants that went directly into escrow.</i>
			\$350,000		\$350,000	7%	
			\$650,000		\$650,000	12%	
			\$2,300,000		\$2,300,000	42%	
			\$5,433,668	\$0	\$5,433,668	100%	
October 2014	Taylor	114 +/-	\$1,751,740	\$0	\$1,751,740	100%	Open Space Preservation District
March 2015	Aidlin	173 +/-	\$1,862,021	\$0	\$1,862,021	100%	Open Space Preservation District
July 2015	Quigley Canyon (Pryor)	59 +/-	\$428,451	\$0	\$428,451	59%	Open Space Preservation District B&T District Fund (Via Princessa)
			\$293,200	\$0	\$293,200	41%	
			\$721,651	\$0	\$721,651	100%	
June 2016	Eastern Greenbelt (Alfieri)	13 +/-	\$59,565	\$0	\$59,565	100%	Open Space Preservation District
GRAND TOTAL			\$28,586,218	\$0	\$28,586,218		

OSPD TOTAL	\$16,691,801	\$0	\$16,691,801
OTHER FUNDS TOTAL	\$11,894,417	\$0	\$11,894,417
GRAND TOTAL	\$28,586,218	\$0	\$28,586,218

* Parcel(s) out of the OSPD Boundary

District Financial Activity

The OSPD expands the City's Open Space, Park, and Parkland Program. It is the City Council's intent to utilize the additional funding from the District to expand the Open Space, Park, and Parkland Program to accelerate vacant land acquisition in and around the City in accordance with the guidelines outlined in the Open Space Acquisition Implementation Work Program. This includes the acquisition, preservation, and improvement of open space and parkland and the payment of debt service for such projects.

In 2007, the City Council approved the issuance of debt to finance the acquisition of open space and parkland by executing and delivering \$15,525,000 in Certificates of Participation (COPs - Open Space and Parkland Program) 2007 Series. This represented approximately half of the City's borrowing capacity and was the first bond issuance in a series of two.

The first year of the District's expenditures were very minimal and limited to annual debt service payments and associated fees and costs related to the annual levy. The second year, the District's expenditures were also nominal, including appraisal, legal, audit, and Los Angeles County fees, along with the annual levy costs. Fiscal Year 2009-10 reflected acquisition expenses tied to the **East Walker Ranch** (140+/- acres) and **Placerita/Quigley Canyon** (10+/- acres) properties, as well as expenditures for property appraisals, administrative, audit, and annual levy costs.

In Fiscal Year 2010-11, the City successfully completed four acquisitions. In October 2010, the City finalized the acquisition of 243+/- acres of real property located in the Soledad Canyon area, known as the **Rodda/Agua Dulce Partners** property, and the acquisition of 842+/- acres of real property for open space preservation, located in **Elsmere Canyon**. In February 2011, the acquisition of 90+/- acres of real property for open space preservation, located in **Wildwood Canyon**, was completed. In June 2011, the City acquired 526+/- acres of real property in **Haskell Canyon** for open space preservation.

In Fiscal Year 2011-12, the City closed escrow on the acquisition of 17 acres near the Quigley Canyon Open Space known as **Prince/Placerita Canyon**. The purchase of this property enhanced the City's ongoing efforts to preserve open space and provide additional trail opportunities for residents. The acquisition also allowed additional trail connections and future trail alignments.

In Fiscal Year 2012-13, the City closed escrow on the acquisition of five acres on **Haskell Vista Lane** in Wildwood Canyon. This acquisition was contiguous to the City's 90-acre Wildwood Canyon Open Space, and it provided a site for a trailhead and community access from Haskell Vista Lane. The **Nominn** acquisition took place in August 2012, with 25 acres from the acquisition within the OSPD boundary.

In Fiscal Year 2013-14, most of the expenditures involved maintenance, services, and improvements to open space trails, including signage, ranger services, and repairs to gates, fencing, and kiosks.

In Fiscal Year 2014-15, the City closed escrow on the acquisition of 589 acres, comprising **Gateway Ranch** (formerly Las Lomas Development), **Taylor Property**, and property from the **Aidlin Trust**, located near the Newhall Pass. Together, these acquisitions enhance the City's ongoing efforts to preserve Open Space lands and improve trail connectivity throughout the Newhall Pass while also linking to the Santa Susanna Mountains to the San Gabriel Mountains, and the future Crest-to-Coast trail system. It is worth noting that TPL was able to secure \$3.3 million in funding to help with the **Gateway Ranch** purchase.

In Fiscal Year 2015-16, the City closed escrow on the acquisition of 72 acres, comprising the 59 acre **Pryor Property** in Quigley Canyon and 13 acres of **Alfieri Property** in the Eastern Greenbelt adjacent to the CEMEX property. Together, these acquisitions enhance the City's ongoing efforts to preserve open space lands. In addition, access improvements to the property and building demolition took place at **Gateway Ranch**.

In June 2016, the District 2007 OSPD Bonds were advance refunded to achieve interest cost savings. The all-in true interest cost for the 2007 Bonds was 4.90%, and is now 2.71% for the new Series 2016B Bonds. Net present value savings to the Open Space Preservation District are \$2.98 million, net of all expenses, proportionately reducing annual debt service by \$175K to \$285K annually. The outstanding principal amount of the new Series 2016B Bonds as of June 30, 2016 was \$14,020,000.

The following is a summary of the audited expenditures, revenues, and fund balance.

	Audited Actuals FY 2014-15	Audited Actuals FY 2015-16
Beginning Fund Balance	\$11,709,338	\$6,972,741
Revenues:		
Special Assessments	\$2,146,498	\$2,273,751
Investment Income	\$48,982	\$98,711
Other Revenues	\$10,000	\$86,655
	<hr/> \$2,205,480	<hr/> \$2,459,117
Expenditures:		
Operating Expenditures	\$389,844	\$441,420
Debt Service	\$823,667	\$848,451
Debt Service Reserve Applied to Bond Refunding		\$1,434,027
Capital Expenditures: Land/Improvements/Capital Projects	\$5,728,566	\$506,804
	<hr/> \$6,942,077	<hr/> \$3,230,703
Ending Fund Balance	<hr/> \$6,972,741	<hr/> \$6,201,155

Audit

The City's independent auditor, Vavrinek, Trine, Day & Co. LLP (VTD), was tasked with auditing the financial statements of the OSPD Fund for Fiscal Year ending June 30, 2016.

The annual audit was conducted 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. The standards require that VTD plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Upon completion of the audit, a financial statement with a report on the audit was provided to the City, summarizing their audit findings. The audit found the financial position of the OSPD Special Revenue Fund of the City of Santa Clarita, as of June 30, 2016, in conformity with accounting principles generally accepted in the United States of America. The result of the financial audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.