

2011-2012 FINANCIAL PROFILE

Continuing its history of excellent financial management, the District's fiscal year 2011-2012 expenditures were 14% below budgeted levels while property tax revenues (the District's primary source of funding) came in 4% higher than projected.

As we celebrate both our 40th anniversary and a new milestone of owning and managing nearly 61,000 acres of land on behalf of the public, we are excited to continue our mission of protecting the environment through land preservation, restoration, and by providing for public use and enjoyment of open space lands. Below are the details on lands purchased in fiscal year 2011-2012*.



Jennifer Frazer

Windy Hill Open Space Preserve

Land Added to the Preserves in 2011-2012

By the end of the fiscal year (March 31, 2012), the District added and helped to protect 1,531 acres of new open space land, valued at \$24.0 million. The additions were funded from the following sources:

The District's General Fund	\$9.1 million
Gifts	\$13.9 million
Grants	<u>\$1.0 million</u>
Total	\$24.0 million

■ Miramontes Ridge Open Space Preserve:

The District added the 564-acre Madonna Creek Ranch, valued at \$3.6 million. Due to a \$500,000 Habitat Conservation Fund grant, and a \$3.0 million gift from Peninsula Open Space Trust (POST), the District's net expense for this property was only \$100,000.

■ Purisima Creek Open Space Preserve:

The District added 279 acres to this Preserve at a total value of \$3.7 million, which includes:

- The 270-acre October Farm property for \$3.6 million;
- The 4.5-acre Peninsula Volunteers properties in the Lobitos watershed for \$110,000; cost partially offset by a \$63,000 gift.

■ Rancho San Antonio Open Space Preserve:

The District continues its management agreement with Santa Clara County Parks for approximately 127.85 acres.

■ Russian Ridge Open Space Preserve:

Initially a management agreement, the 97.5-acre Silva property owned by POST was purchased by the District

for \$3.1 million, which was partially offset by a \$500,000 grant from the Coastal Conservancy.

■ Saratoga Gap Open Space Preserve:

The District purchased 66 acres from the City of Saratoga, for \$250,000.

■ Sierra Azul Open Space Preserve:

Six properties totaling 544 acres were added to this Preserve at a total purchase cost of \$2.5 million and include the following:

1. 175.87-acre former Stanton Trust (Crites) property, for \$1.4 million;
2. 158.51-acre former POST Property (Barrett Creek Uplands), for \$250,000;
3. 83.4-acre former Balaban property, for \$800,000;
4. 39.14-acre, former Hendrys Creek I property for which the District has entered into a management agreement with POST;
5. 78.01-acre, former Hendrys Creek II property for which the District has entered into a management agreement with POST;
6. 9.21-acre former U.S. Bureau of Land Management, for \$41,000;

■ Windy Hill Open Space Preserve:

The largest acquisition this year was the 79-acre gift from the owner of the Hawthorns Property in Portola Valley, valued at \$10.9 million with an additional \$2.0 million endowment to manage the property.

District Revenues

Total District revenues for fiscal year 2011-2012 were \$32.1 million, an increase of \$1.7 million over the prior fiscal year, due primarily to higher property tax revenues. This does not include the receipt of \$13.9 million in land and property gifts. Revenues consist of program revenue which includes rental income, grants and donations, and general revenue primarily from property tax and investment income. The District receives approximately two-thirds of its tax revenue from Santa Clara County, and one-third from San Mateo County.

Tax revenue was \$28.7 million in fiscal year 2011-2012, an increase of 5.4% over the previous fiscal year, reflecting increased property values and the resumption of supplemental (SB813) revenue in Santa Clara County.

The District received \$293,000 under its five-year agreement with Santa Clara County to manage the developed portion of Rancho San Antonio County Park. In addition, the District succeeded in obtaining a \$500,000 Habitat Conservation Fund grant and a \$500,000 Coastal Conservancy grant to cover a portion of the land acquisition costs for the Miramontes Ridge and Russian Ridge Open Space Preserves.

District Expenditures

Consistent with prior years, District expenditures remained within the budget approved by the District Board of Directors. Fiscal year 2011-2012 operating and capital expenditures totaled \$17.2 million, which is 9.4% below budget and is primarily due to deferring the next phase of the Mount Umunhum project into the next fiscal year. Expenditures for land and debt service (used for payment of long-term debt principal and interest)

*numbers are rounded

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were \$9.1 million and \$9.8 million, respectively, resulting in total expenditures to \$36.1 million for fiscal year 2011-2012.

District Assets and Liabilities

The District's net assets at the end of fiscal year 2011-2012 total \$289.7 million, of which the majority (\$245.4 million) consists of the District's nearly 61,000 acres of land in 26 open space preserves. The District's net assets increased by \$23.6 million over the prior year and total long-term debt obligations ended the year at \$141.7 million.

In July 2011, Governor Brown signed AB 612, a bill authored by Assemblyman Rich Gordon (D-Menlo Park) extending the District's term to repay future promissory notes from 20 to 30 years, providing more funds to protect land on the peninsula.

This legislation enabled the District to refinance some of its existing debt in January 2012, resulting in a savings of \$26.6 million over the next 16 years.

The extended debt term will provide a huge advantage to taxpayers by giving the District approximately 20% more in borrowing proceeds and allowing it to save more land and better protect clean air and water. By paying future notes back to the bondholders over a longer period of time, the open space District will benefit from lower annual debt service payments, expand its debt capacity and, as a result, obtain significantly more money to purchase and preserve open space lands. This is especially important since the District expects its land purchasing capability to drop substantially by 2016. 🌿