Attachment A

SAN MATEO LOCAL AGENCY FORMATION COMMISSION

Municipal Service Review and Sphere of Influence Review for Ladera Recreation District

Final Draft

Released July 8, 2026

Municipal Service Review and Sphere of Influence Review for the Ladera Recreation District

Ladera Recreation District
150 Andeta Way
Portola Valley, California 94028
Contact: Sarah Gutierrez, General Manager, (650) 854-3242

CONDUCTED BY:

San Mateo Local Agency Formation Commission
455 County Center, 2nd Floor
Redwood City, CA 94063
(650) 363-4224

EXECUTIVE SUMMARY

Section I: Report Overview

This report is a Municipal Service Review (MSR) and Sphere of Influence (SOI) study for the Ladera Recreation District. California Government Code Section 56430 requires that Local Agency Formation Commissions (LAFCo's) complete MSR and SOI reviews on all cities and special districts. These state-mandated reports are studies of an agency's service provision and logical boundaries. The review process is intended to identify municipal service delivery challenges and opportunities, provide the public and affected agencies with a platform to comment on an agency's services and finances, and review opportunities to share governmental resources. Once the MSR determinations are adopted, the SOI—the plan for the boundaries of a city or special district— is reviewed, pursuant to Section 56425.

San Mateo Local Agency Formation Commission

San Mateo LAFCo is a State-mandated, independent entity with county-wide jurisdiction over the boundaries and organization of cities and special districts. LAFCo reviews annexations, detachments, incorporations, formations, and dissolutions. LAFCo also has authority over extensions of service outside city or district boundaries, and activation or divestiture of special district powers. The purpose of LAFCo includes discouraging urban sprawl, preserving open space and prime agricultural lands, planning for the efficient provision of government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances.

LAFCo operates pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) contained in California Government Code Sections 56000 and 57000. The Commission is comprised of two members of the County Board of Supervisors, two city councilmembers from two of the County's 20 cities, two special district board members from two of the 21 independent special districts, one member of the public, and four alternate members (county, city, special district, and public).

In 1985, San Mateo LAFCo first prepared comprehensive SOI studies and adopted SOI's for the County's cities and special districts. Subsequently, LAFCo reviewed and updated SOI's on a three-year cycle. SOI updates focus on changes in service demand within the boundaries of cities and special districts. In 2003, in order to comply with the newly enacted CKH Act, LAFCo began the process of preparing SOI updates/reviews in conjunction with or following an MSR

Local Government in San Mateo County

Municipal service providers in San Mateo County include the County of San Mateo, 20 cities, 21 independent special districts, six subsidiary districts governed by city councils, and 33 County-governed special districts. Independent special districts provide a limited set of services based on their enabling legislation (i.e., fire, water, sanitation, etc.), while cities generally provide a wider array of basic services including police, recreation programs, planning, street repair, and building inspection. The County, as a subdivision of the State, provides a vast array of services for all residents across its cities, special districts and subsidiary districts, including social services, public health protection, housing programs, property tax assessments, tax collection, elections, and public safety. The County also provides basic municipal services for residents who live in unincorporated areas who are not part of any city of special district. According to Census 2020 data, 63,205 of the County's total 764,442 residents (8%) live in unincorporated areas.

MSR and SOI Determinations

Per Government Code Section 56430, LAFCo is required to include MSR Determinations that address the following areas for any local agency:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities[1] within or contiguous to the SOI.
3. Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
4. Financial ability of the agency to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCo policy: a) Water Resiliency and Climate Change and b) Impact of Natural Hazards and Mitigation Planning

MSR Determinations must be adopted before the Commission updates or amends a SOI. Per Government Code Section 56425, LAFCo is required to make the following five written determinations when establishing, amending, or updating an SOI for any local agency:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to Section 56425(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

[1] "Disadvantaged community" means a community with an annual median household income that is less than 80 percent of the Statewide annual median household income. This area of determination does not apply to the study area.

Report Review Process

A hearing for the Draft Report was held at LAFCo's May 20, 2026 meeting. The report will subsequently be circulated for comment to the agencies under study, as well as interested individuals and groups. This report has been written based on source documents that include Adopted Budgets, Capital Improvement Plans, Meeting Minutes, Staff Reports, Consultant Reports, and information provided directly to LAFCo by the special district staff.

Disadvantaged Unincorporated Communities

In 2011, SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to "disadvantaged unincorporated communities," including the addition of MSR determination #2 and SOI determination #5 listed above. Disadvantaged unincorporated communities, or "DUC's," are inhabited, unincorporated territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income. There are no DUC's within the current boundaries or service areas of Ladera Recreation District.

Section II. Summary of Key Issues

Ladera Recreation District (LRD) meets the recreational service needs of the Ladera community, as well as residents outside its boundary. LRD's main revenue source is recreation fees (75%) from residents who sign up for memberships or utilize LRD facilities or classes.

LRD operates on a calendar-year budget cycle, with budgets regularly adopted on time each January. In 2011-12, the LRD Board made the shift from fiscal years to calendar year cycles. The LRD 2025-26 budget projects $1.6M in revenue and $1.3M in expenditures. Over each of the past five years, LRD has maintained a positive General Fund balance. The fund balance is allocated to capital improvement projects. While the District has a practice of this allocation, LRD does not have specific financial policies addressing target fund balance levels and restrictions on use of reserve funds. LRD also does not have a formal Capital Improvement Plan.

The District does not livestream or record its public Board Meetings; remote attendance or historical review of meetings is not currently an option. The LRD website does not provide staff reports to agenda items, and is not updated; the past three years of financial audits are unavailable. LRD is completing its 2024 independent financial audit. The independent audit Management Reports for the years ending in December 2023 and December 2022 each had three recommendations for LRD. The LRD website does not publish these reports, at this time.

LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations. LRD operates with three full-time staff and 87 part-time staff (2026).

Section III. Affected Agencies

Cities/Towns and County: San Mateo County, Town of Portola Valley, Unincorporated community of Ladera
School Districts: Las Lomitas Elementary School District, Sequoia High School District

Independent Special Districts: Woodside Fire Protection District, West Bay Sanitation District

Dependent Special Districts: None

Section IV. Municipal Service Review for Ladera Recreation District

Background: In April 1958, local voters and the Board of Supervisors established the Ladera Recreation District (LRD), an independent Community Services District. LRD was formed for the purpose of providing public recreation by means of parks, playgrounds, swimming pools or recreation buildings.[2] LRD is operating pursuant to Section 61000 et seq of the CA Government Code (Community Services District Law).

LRD is located in the unincorporated community of Ladera, adjacent to the Town of Portola Valley. The community of Ladera was founded earlier, in 1946. LRD is comprised of 552 parcels, the vast majority of which are residential. Fewer than 10 parcels are zoned "commercial," and these form the Ladera Shopping Center, which includes approximately 17 storefronts.[3] The boundaries of LRD have remained the same since formation, apart from the 1960 annexation of Stanford land (150 Andeta Way) for the purpose of building the District's facilities (i.e. recreation center, pool, playground, tennis and pickleball courts, etc.).

Inventory of Active Services: Provisions of the CKH Act require that LAFCo identify which services a multi-purpose district is actively providing, and which are inactive. Pursuant to Government Code Section 56425(i), in preparing a MSR and SOI update, LAFCo is required to prepare a statement of the nature and location of functions and services provided. If a district proposes to add a new service permitted under district enabling legislation, the District must apply to LAFCo for approval. Ladera Recreation District currently provides only park and recreation services, although its enabling legislation permits the district to provide a broad set of services similar to those of a city with the exception that community services districts do not have land use authority.

LRD Active services, per the 1959 LRD formation document:

- **Construction of parks, playgrounds, swimming pools, recreation buildings, a community meeting hall, and such other buildings and facilities as are necessary to the operation of such a district.**[4]

If in the future, if it is determined that other services permitted in Community Services District enabling legislation should be provided and funded by Ladera Recreation District, the Board of Directors as governing body of the District could apply to LAFCo. The application would include a plan for providing services and a proposed budget, including revenues to fund services and any associated revenue sources such as an assessment, fee, or tax.

Overview

The Ladera Recreation District (LRD) is governed by an elected five-member Board of Directors each serving a four-year term. There are no term limits, meaning Board members may run for re-election as many times as they choose, provided they remain registered voters living within the district boundaries. The board members do not receive any compensation. The Board typically holds public meetings on the second Monday of each month at 7PM at 150 Andeta Way, Portola Valley.

[2] Resolution No. 12803
[3] Portola-Valley-Ladera-SC-Fully-Leased-Brochure.pdf
[4] Government Code Sections 61100(e) and (f)

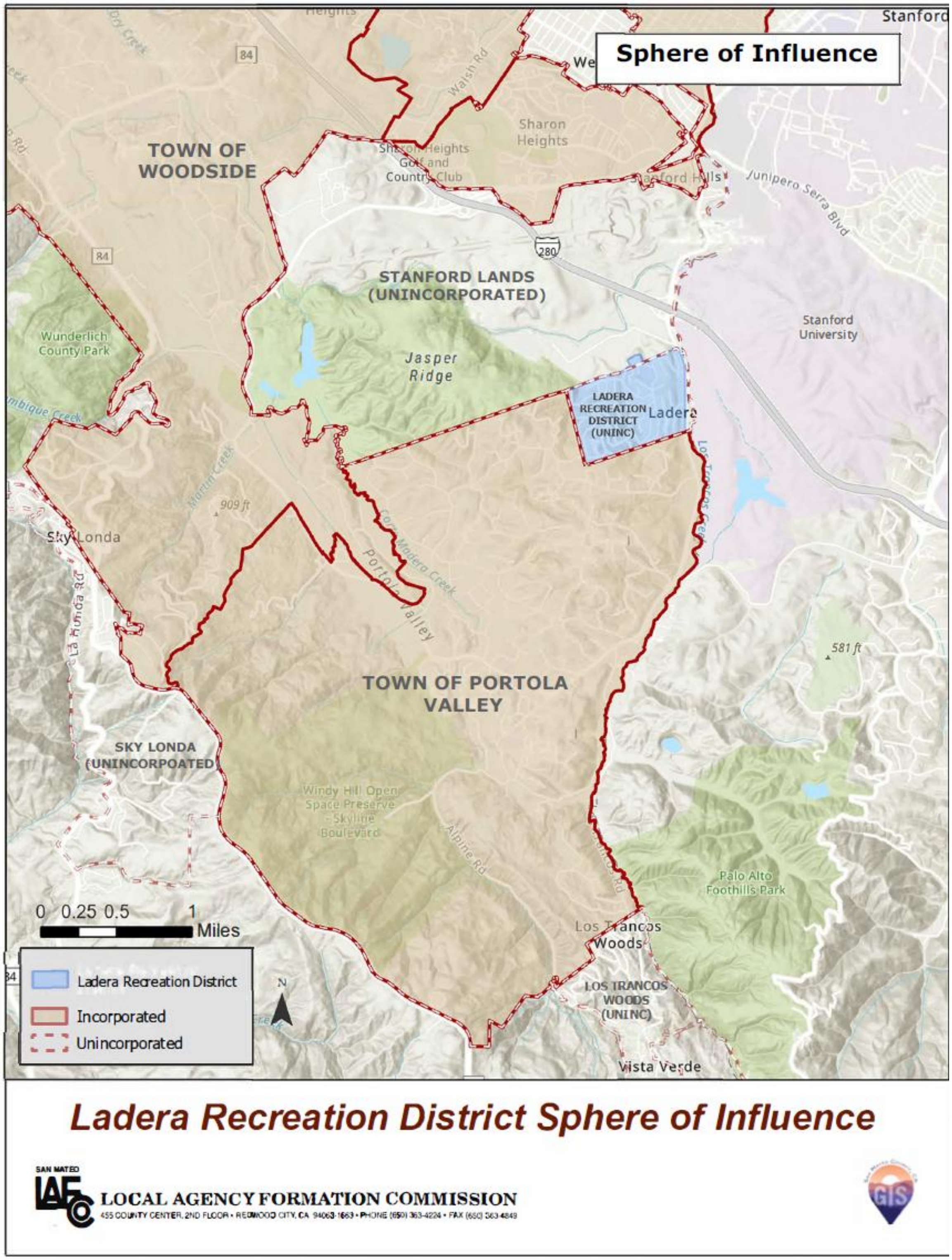
As of January 2026, the LRD employs three full-time staff (FTE's) and 87 part time/seasonal staff. LRD facilities include a 6-lane swimming pool, wading pool, tennis and pickleball courts, a recreation room, playground, bocce ball court, barbecue grills, volleyball courts, and a parking lot. A membership (or drop-in fee for LRD residents) is required to use the facilities. LRD membership is available for purchase by LRD residents or non-residents, at separate rates published on the LRD website. LRD also maintains approximately two miles of pathways located on easements adjacent to private properties in portions of the Ladera community (Attachment A).

LAFCo last conducted an MSR and sphere of influence (SOI) review for LRD in December 2007. The LRD SOI is coterminous with the District boundaries, as shown in Figure 1.

LRD is a separate entity from the Ladera Community Association (LCA), a non-governmental, non-profit neighborhood organization which, among other things, maintains a website with a member portal for neighborhood information.[5] The LCA has a board of nine elected members that meets monthly at the LRD office.

[5] Ladera Community Association, laderaonline.org

Figure 1. Ladera Recreation District Sphere of Influence Map



1) Growth and Population: Ladera Recreation District

The MSR determinations checked below are potentially significant, as indicated by "yes" or "maybe" answers to the key policy questions in the checklist. If most or all determinations are not significant, the Commission may find that an MSR update is not warranted.

Growth and population projections	***Yes***	***Maybe***	***No***
a) Is the agency's territory or surrounding area expected to experience any significant population change or development over the next 5-10 years?			X
b) Will population changes have an impact on the subject agency's service needs and demands?			X
c) Will projected growth require a change in the agency's service boundary?			X

a-c) The unincorporated community of Ladera is comprised of single-family residential uses, along with a commercial portion (Ladera Shopping Center), and a school (Woodland School). As of 2020, the population count for Ladera is approximately 2,500.[6] The average age in LRD is approximately 58, while the average age in San Mateo County is 40.3.[7] Over the next 5-10 years, no significant population change or new development is expected within the current LRD boundaries, based on a review of planning documents from the County of San Mateo and the Association of Bay Area Governments. There are minimal opportunities for subdivision or infill in Ladera, as the community is already built out. The LRD itself is within the sphere of influence of the Town of Portola Valley, which is also anticipated to have minimal population growth over the next ten years. The projected population growth rate for this area for the ten-year period from 2020-2030 is between 2-4%, which is less than the projected growth rates for the County of San Mateo (8%) and the State of California (9%).[8]

MSR Determination No. 1: Over the next five years, the population of Ladera (est. 2,500) is projected to grow between 2-4%. There are minimal opportunities for subdivision or infill in Ladera, as the community is largely built out.

Recommendation: None.

[6] The Ladera Census Designated Place (CDP) is smaller (0.44 square miles) than the official Ladera Recreation District boundaries (2 square miles).

[7] SMC Housing Element 2023-31, 25-211 - 20250325 att att C Exhibit A to Resolution.pdf

[8] Association of Bay Area Governments (ABAG) Projections 2040 - Forecasts for Population Households and Jobs

2) Disadvantaged Unincorporated Communities

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.	***Yes***	***Maybe***	***No***
a) Does the subject agency provide public services related to sewers, municipal and industrial water, or structural fire protection?			X
b) Are there any “inhabited unincorporated communities” within or adjacent to the subject agency’s sphere of influence that are considered “disadvantaged” (80% or less of the Statewide median household income)?			X
c) If “yes” to both a) and b), is it feasible for the agency to be reorganized such that it can extend service to the disadvantaged unincorporated community? (if “no” to either a) or b), this question may be skipped)			X

a-c) The Ladera Recreation District does not provide sewer, municipal or industrial water, or structural fire protection services. While the sphere of influence of LRD is within unincorporated territory, this area is not classified as disadvantaged under State law.

MSR Determination No. 2: LRD’s sphere of influence and corporate boundaries do not include disadvantaged unincorporated communities, nor does LRD provide sewer, municipal and industrial water, or structural fire protection services.

Recommendation: None.

3) Capacity and Adequacy of Public Facilities and Services

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.	***Yes***	***Maybe***	***No***
a) Are there any deficiencies in agency capacity to meet service needs of existing development within its existing territory?			X
b) Are there any issues regarding the agency's capacity to meet the service demand of reasonably foreseeable future growth?			X
c) Are there any concerns regarding public services provided by the agency being considered adequate?			X
d) Are there any significant infrastructure needs or deficiencies to be addressed?			X
e) Are there changes in State regulations on the horizon that will require significant facility and/or infrastructure upgrades?			X
f) Are there any service needs or deficiencies for disadvantaged unincorporated communities related to sewers, municipal and industrial water, and structural fire protection within or contiguous to the agency's sphere of influence?			X

a-d) LRD meets the service needs of existing development within its boundaries. Any LRD resident or non-resident may register at any time to become a member. As of February 2026, LRD has a membership of 408; 239 of which are residents (58%) while 169 (41%) reside outside the district boundary. In 2025, LRD counted 405 members; 438 members in 2024, 451 members in 2023 and 430 members in 2022.

LRD staff includes three full-time staff and 87 part-time/seasonal staff. The number of staff has increased over the past five years, with the number of part-time staff nearly doubling from 2022 (45) to 2025 (87). See Table 1 below.

Full-time staff include the General Manager appointed by the Board of Directors, the Accounting and Aquatics Manager, and the Administrative Assistant. Part-time staff include facility operations workers, maintenance workers, and various swim instructors, lifeguards, and tennis coaches, among others. Seasonal staff teach fee-based classes and programs (e.g. swimming, tennis, yoga) for youth and adults at the facilities. New full-time staff hires require LRD Board approval.

LRD hires outside contractors for cleaning and pool maintenance services. LRD legal services are provided as needed by Shute, Mihaly & Weinberger LLP, a public interest law firm based in San Francisco.

Table 1. Ladera Recreation District Staff Count

Year	Full-Time Staff	Part-Time/Seasonal Staff
2022	2	45
2023	2	70
2024	3	83
2025	3	87

Source: LRD

Capital Projects: LRD maintains a "Capitol Projects" spreadsheet that lists District assets, their acquisition date, expected life, and associated depreciation schedule. This list is used to evaluate necessary replacements and improvements of LRD infrastructure and select capital projects. LRD has two funds: a Capital Fund and a General Fund. Donations are often made into the Capital Fund. Funds for capital projects are deposited into the San Mateo County Investment Pool Fund to offset annual depreciation (approx. $300,000 annually).

Over the five-year period from 2020-2025, LRD has spent $6M on capital projects. These projects included: New competition pool and wading pool ($5.1M); New pool parking lot ($157,584); Donor wall ($11,712); Lighting for the pool area, trellis & entrance ($28,941); Recreation Room equipment ($18,302); Tennis Courts 3 & 4 Resurfacing and Lighting ($90,300); Pool area landscaping $(105,309); Bathroom Lighting ($21,060); Path ($6,068); and Tennis Courts 1 & 2 Resurfacing ($10,100).[9]

LRD maintains approximately two miles of pathways located on easements adjacent to private properties in lower Ladera. Regular debris and leaf removal occur on a quarterly basis and repairs and maintenance are performed as needed according to the depreciation schedule.

e-f) LRD staff do not foresee changes in State regulations that would require significant facility and/or infrastructure upgrades. There are no disadvantaged unincorporated communities within or contiguous to LRD boundaries.

MSR Determination No. 3: LRD meets the recreational service needs of existing development within its boundaries, as well as extending services to residents outside its boundaries. LRD's staffing model allows for seasonal fluctuations, with three full-time staff and 87 part-time staff in calendar year 2026. LRD maintains a list of LRD assets and their associated depreciation

[9] LRD Capital Projects 2020-25 list provided by District Staff to San Mateo LAFCo.

schedule. LRD does not have a multi-year capital improvement plan. Funds for capital projects are annually deposited into LRD's account in San Mateo County's Investment Pool Fund.

Recommendations:

1. Establish a process for adopting a comprehensive multi-year Capital Improvement Plan or other similar plan to identify LRD-owned and maintained facilities, and to allocate funds for replacement/maintenance or the construction of new facilities.
2. Formalize funds held in the County's Investment Pool as capital project reserves and general reserves in the District's budget documents. Adopt and publish a reserve policy that sets a target reserve size and purpose, including adding limits on withdrawing these funds for other purposes.

4) Financial Ability

Financial ability of the agency to provide service	***Yes***	***Maybe***	***No***
a) Does the organization routinely engage in budgeting practices that may indicate poor financial management, such as overspending its revenues, failing to commission independent audits, or adopting its budget late?			X
b) Is the organization lacking adequate reserve to protect against unexpected events or upcoming significant costs?			X
c) Is the organization's rate/fee schedule insufficient to fund an adequate level of service, and/or is the fee inconsistent with the schedules of similar service organizations?			X
d) Is the organization unable to fund necessary infrastructure maintenance, replacement and/or any needed expansion?			X
e) Is the organization lacking financial policies that ensure its continued financial accountability and stability?		X	
f) Is the organization's debt at an unmanageable level?			X

a-f) Ladera Recreation District (LRD) operates on a calendar year budget cycle (January 1-December 31). LRD adopts an annual budget in January for the ensuing year. The LRD budget is comprised of a General Fund and a Capital Projects Fund. LRD has consistently maintained a net positive General Fund balance over the past five years (as reviewed by San Mateo LAFCo). See Table 2. LRD's adopted budget for 2025-26 is $1,284,600 in expenditures, and $1,655,800 in anticipated revenues. The main sources of revenue are Park and Recreation Fees (approximately 75% of total revenue) followed by Property Tax Revenue (approximately 24%). The main expenditure categories are Employee Salaries (approximately 50% of total expenditures) and Maintenance, Repairs and Supplies (approximately 15%).

Table 2. Ladera Recreation District, General Fund Actuals (2022-2025)

	2025-26 (Budgeted)	2024-25 (Unaudited)	2023-24 (Unaudited)	2022-23 (Audited)	2021-22 (Audited)
General Fund Revenue					
Property Tax	$393,700	$393,451	$374,730	$355,445	$321,407
Park and Recreation Fees	$1,220,600	$1,175,871	$1,202,349	$921,595	$698,546
Investment Income	$41,500	$46,316	$41,196	$35,689	$9,550
Total Revenue	**$1,655,800**	**$1,615,638**	**$1,618,275**	**$1,312,729**	**$1,029,503**
General Fund Expenditures					
Employee Salaries	$608,400	$599,551	$600,174	$536,268	$439,136
Maintenance, Repairs, Supplies	$181,700	$172,699	$180,088	$138,440	$85,711
Bank Fees, Insurance, Taxes	$86,200	$90,873	$79,598	$64,963	$53,049
Other[1]	$408,300	$353600	$295,572	$142,316	$162,406
Total Expenditures	**$1,284,600**	**$1,216,723**	**$1,155,432**	**$881,987**	**$740,302**
Net	*$371,200*	*$398,915*	*$462,843*	*$430,742*	*$289,201*

Source: LRD Budget

[1] "Other" expenditures include Payroll Expenses, Outside Services, Program expenses, and Utilities

<u>Park and Recreation Fees</u>: The LRD Park and Recreation Fee revenue category is comprised of membership fees, program fees, and facility rentals. LRD offers its members various fee-based programs such as Camp Ladera, the Dolphin Swim Team, pickleball clinics, swim lessons, and the masters swim program.[10] Fees and memberships equate to approximately 70% of revenue for LRD.

Approximately 50% of LRD's total revenue is from annual membership fees. For both residents and non-residents, there are various types of annual memberships (individual, couple family), and the membership year is February to February of the following year. Member fees are reviewed and updated annually, and not necessarily linearly. For instance, rate increases between 2022 and 2024 were higher to take into account the cost of the pool renovation project which was completed in 2023. From 2021 to 2026, membership rates for residents in the "Family", "Couple", and "Individual" categories increased by approximately 25%, and for residents in the "Senior Couple" and "Senior Individual" categories, rates increased by approximately 17%. Rates for non-residents increased by 45-50% over the same time period across the member categories. Non-resident membership fees are higher in part because they do not pay the local LRD property tax. In 2026, the LRD Board introduced 10 free guest passes for members and extended the age of "child" on family memberships to 26 years old. See Figure 2.

[10] Program sign-ups are available on the LRD website: https://laderarec.activityreg.com/selectActivity

Figure 2. LRD Membership Rates

	Resident Rate		Non-Resident Rate	
	Early Bird	Late Bird (3/6)	Early Bird	Late Bird (3/6)
Family	$1,525	$1,690	$3,700	$3,990
Couple	$1,150	$1,275	$2,940	$3,240
Individual	$710	$780	$1,800	$1,985
Senior Couple	$530	$590	$1,600	$1,750
Senior Individual	$350	$390	$975	$1,075
Individual Tennis Only	$400	$475	$790	$875

Property Tax Revenue: Property tax revenue is consistently LRD's second largest revenue source (approximately 25%). See Table 3. According to the County Assessor, as of 2026, LRD has 552 parcels, valued at an average $2.2M per parcel. In comparison, Highlands Recreation District (HRD) has more parcels (789) with a lower average value ($1.2M). Property tax revenue comprises the same portion of total revenue for both recreation districts.

Table 3. LRD Property Tax as Share of Total Revenue, 2022-2026 (Actuals)

	2026 (Projected)	2025	2024	2023 (Audited)	2022 (Audited)
Property Tax Revenue	$393,700	$393,451	$374,730	$355,445	$321,407
Total Revenue	$1,655,800	$1,615,638	$1,618,323	$1,312,727	$1,029,503
Share of Total	**24%**	**24%**	**23%**	**27%**	**31%**

Ladera residents who are not enrolled members still pay property taxes towards the District. These residents have the option to pay a $20 drop-in fee to utilize the LRD pool and tennis courts (non-resident, non-members cannot drop-in to LRD).

LRD receives a share (approximately 3%) of the 1% property tax as a result of Proposition 13. Table 4 below shows the distribution of the 1% property tax in a sample LRD tax rate area.

Table 4. 1% Property Tax Distribution – Sample Tax Rate Area for Ladera Recreation District

Agency	Share
County of San Mateo	24%
Las Lomitas Elementary School District	21%
Woodside Fire District	17%
Sequoia High School District	16%
San Mateo Community College District	7%
County Education Tax	4%
Library	3%
Ladera Recreation District	3%
Midpeninsula Regional Open Space District	2%
Sequoia Health Care District	1%
County Harbor District	0.36%
San Francisquito Creek Flood Zone 2	0.23%
Bay Area Air Quality Management District	0.21%
Mosquito Abatement District	0.19%
Total	100%*

Note: Shares vary between tax rate areas. May not total 100 due to rounding.

Independent Financial Audits: LRD contracts with the independent auditing firm O'Connor & Company to conduct annual financial statement audits. The most recent audit of LRD finances was completed in July 2025 for calendar year 2023. In the Management Report to the audit (which is not currently available on the LRD website), the Auditor had one current year recommendation: 1) to hire an educated and trained outside accountant to assist the accounting manager in order to reduce risk of errors and two updates on prior year recommendations: 1) To consider formalizing a capitalization policy to only record leases and IT subscriptions as assets and liabilities if they are worth more than $80,000 (this recommendation has not been implemented); 2) To maintain a cash receipts ledger with supporting copies of checks and deposit slips (this recommendation has been implemented).

The 2024 audit is in progress, and per LRD staff, it will be completed by the end of the first quarter of 2026. The 2025 audit is scheduled for completion by the end of 2026. As District's budget corresponds to calendar years instead of fiscal years, audit documents align to a calendar year.

Fund Balance and Reserves: LRD invests in the San Mateo County Investment Pool Fund. LRD staff report that annual contributions are made to offset capital asset depreciation. There is no policy that sets a target annual contribution level. Current investment funds total $1,438,742. For four out of the past five years, reserve levels have exceeded operating expenditures (see

Table 5). LRD does not have its own investment or fund balance policy, but rather follows the County's investment policy (which is updated annually).

Table 5. LRD Fund Balance

Year	Reserve Amount	Available reserves as percent of operating expenditures
2021-22	$1,014,138	137%
2022-23	$1,035,538	117%
2023-24	$1,073,532	93%
2024-25	$1,412,256	116%
Dec. 2025	$1,438,742	112%

Transparency: The LRD website makes publicly available its financial audits for 2012-20 only. As of May 2026, LRD is completing its 2023-24 audit. The audits for 2021-23 are not available online as of May 2026. The LRD website also posts District budget documents for years 2012-24. Historical Board meeting Agendas and Minutes are not currently available as of May 2026.

LRD Debt: On April 1, 2021, following a competitive RFP process, the District entered into a lease-back financing arrangement to fund the approximately $1.3M construction of a new pool. The debt was issued by Sterling National Bank (now Webster Bank) with a maturity of May 1, 2041, and carries an interest rate of 2.63%. The pool reopened in 2023. As of February 2026, the current loan balance is approximately $982,000. Table 6 below is a schedule of the debt service requirements. The annual debt service expenditure is 7% of total expenditures.

Table 6. LRD Debt Service Requirements for New Pool

Year Ending June 30	Principal	Interest	Debt Service Total
2024	$ 50,000	$ 28,154	$ 78,154
2025	51,000	26,839	77,839
2026	52,000	25,484	77,484
2027	54,000	24,104	78,104
2028	55,000	22,683	77,683
2029	56,000	21,224	77,224
2030	58,000	19,738	77,738
2031	60,000	18,200	78,200
2032	61,000	16,622	77,622
2033	62,000	15,004	77,004
2034	64,000	13,361	77,361
2035	66,000	11,664	77,664
2036	68,000	9,915	77,915
2037	69,000	8,127	77,127
2038	71,000	6,299	77,299
2039	73,000	4,419	77,419
2040	75,000	2,485	77,485
2041	38,000	500	38,500
Total	$ 1,083,000	$ 274,822	$ 1,357,822

Source: LRD Staff

MSR Determination No. 4: Over each of the past five years, LRD has maintained a positive General Fund balance (revenue exceeding expenditures) by at least $200,000. These monies are deposited annually in the County's Investment Pool for the purpose of financing capital projects. LRD has over $1.4M in reserves as of Dec. 2025. Membership fees and other charges for services comprise LRD's largest revenue source (70%), followed by Property tax revenue (25%). Employee salaries are the largest expenditure (50%), followed by Maintenance, Repairs and Supplies (15%). The annual debt payment on a loan used to construct a new pool that opened in 2023 represents less than 7% of total expenditures,. LRD is behind on its financial audits, currently completing its 2023-24 audit.

Recommendations:

3. LAFCo supports the LRD's efforts to become current on independent financial audits and to make these audits along with their associated Management Reports available for public viewing within one year of publication.
4. Adopt and publish a reserve policy for the General Fund, explicitly describing the annual target size and purpose of the reserve account.[11]
5. Explicitly show in all budget documents and staff financial reports the amount of funds allocated to the District's reserve fund.
6. Explore shifting from a calendar year to a fiscal year budget cycle to align with San Mateo County and other special districts.

5) Shared Service and Facilities

Status of, and opportunities for, shared facilities	***Yes***	***Maybe***	***No***
a) Is the agency currently sharing services or facilities with other organizations? If so, describe the status of such efforts.	X		
b) Are there any opportunities for the organization to share services or facilities with neighboring or overlapping organizations that are not currently being utilized?			X
c) Are there governance options to allow appropriate facilities and/or resources to be shared, or making excess capacity available to others, and avoid construction of extra or unnecessary infrastructure or eliminate duplicative resources?			X

a-c) The Ladera Community Association (LCA) has their monthly meeting at the LRD Recreation Room, free of charge. The Ladera Emergency Preparedness Committee and the Fire Prevention Committee also host events at LRD free of charge. LRD leases the pool to a water polo club and scuba organization. LRD also leases the tennis courts to an independent contractor for youth and adult tennis programming. LRD leases facilities to various contractors to teach Yoga and

[11] Little Hoover Commission, Report #239 "Special Districts: Improving Oversight & Transparency," August 2017

Jazzercise programs. These revenues are reflected in the budget in the “Park and Recreation Fees” category.

LAFCo is not aware of any proposals for other governance options to the current community services district structure of LRD, and does not recommend any changes at this time.

MSR Determination No. 5: LRD shares its facilities with the Ladera Community Association and other neighborhood groups for their meetings, free of charge. LRD leases its facilities for a fee to contractors offering classes and programs to LRD members, as captured in the “Park and Recreation Fees” revenue category.
Recommendations: None

6) Accountability, Structure, and Efficiencies

Accountability for community service needs, including governmental structure and operational efficiencies	***Yes***	***Maybe***	***No***
a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?			X
b) Are there any issues with staff turnover or operational efficiencies?			X
c) Is there a lack of regular audits, adopted budgets and public access to these documents?		X	
d) Are there any recommended changes to the organization’s governance structure that will increase accountability and efficiency?			X
e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?			X
f) Are there any opportunities to eliminate overlapping boundaries that confuse the public, cause service inefficiencies, unnecessarily increase the cost of infrastructure, exacerbate rate issues and/or undermine good planning practices?			X

a) Are there any issues with meetings being accessible and well publicized? Any failures to comply with disclosure laws and the Brown Act?

LRD is governed by a five-member Board of Directors elected by voters within the district. The Commission meets on the second Monday of each month. Meetings are open to the public and are held in the LRD Recreation Room. The District posts copies of meeting agendas on its website, however staff reports for agenda items are not produced. Meetings are not recorded and there is no remote attendance option. LAFCo is not aware of any failures to comply with the Brown Act.

b) Are there any issues with staff turnover or operational efficiencies?

LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations. According to LRD staff, efforts are underway to improve staff retention. For example, beginning in December 2025, LRD offers its full-time staff up to $10,000 per employee per year for healthcare services. LRD is currently researching how to offer full-time staff retirement plans as well.

c) Is there a lack of regular audits, adopted budgets and public access to these documents?

As mentioned in the Section 4, LRD contracts with the independent auditing firm O'Connor & Company to conduct annual financial statement audits. LRD operates on a calendar year budget cycle (January 1- December 31), and audits are conducted according to the calendar year, which aligns with the District's budget year. The most recent audit of LRD finances was completed for 2023. The 2024 audit is in progress, and per LRD staff, it will be completed by the end of the first quarter of 2026. The 2025 audit is scheduled for completion by the end of 2026. Adopted budgets as well as financial audits are published for public viewing on the LRD website, however the website is not up to date as of May 2026.

d) Are there any recommended changes to the organization's governance structure that will increase accountability and efficiency?

None at this time.

e) Are there any governance restructure options to enhance services and/or eliminate deficiencies or redundancies?

None at this time. However, the Town of Portola Valley has contemplated at various public meetings throughout 2025 the possibility of annexing Ladera as part of a solution to its chronic fiscal deficit. In its most recent MSR for the Town of Portola Valley, San Mateo LAFCo included a discussion of the Town's structural deficit, and the merely hypothetical annexation options of the Ladera community, or just the Ladera commercial area to the Town.[12] If an annexation were proposed, the Town of Portola Valley would need to take several steps including providing a plan for service (i.e. the range of services that would be provided to the annexed area and the financing of such services), pre-zoning process to extend zoning to the area to be annexed, and a General Plan amendment. Any proposed annexation that was submitted to LAFCo would require public meetings and notice. Members of the public would be able to provide input, comments, and participate in this public process. The annexation process also allows for the landowners and registered voters within the annexation area to protest the annexation.

LAFCo is not aware of any proposal to initiate an annexation at the time of this report.

MSR Determination No. 6: The District could improve its transparency by posting on its website all historical budgets, historical Board Meeting agendas and minutes, and publishing staff reports. LRD does not livestream or record meetings. The District annually commissions independent

[12] Municipal Service Reviews, Sphere of Influence Updates & Other Studies | County of San Mateo, CA

financial audits, and is completing its 2024 audit. LRD has had four General Managers since 2021. Staff turnover rates have been high due to retirements and personnel relocations.

Recommendations:

7. Update the LRD website to include the past three years (2021, 2022, 2023) of independent financial audits and post new audits as they are published. Posting historical agendas, meeting minutes and written staff reports for agendized items at public Board meetings.
8. Consider livestreaming public Board Meetings for a remote audience in order to increase accessibility, engagement, and transparency.
9. Continue efforts to increase staff retention, for example by offering employee benefits.

7) Other Issues:

Any other matter related to effective or efficient service delivery, as required by commission policy.	***Yes***	***Maybe***	***No***
a) Are there any other service delivery issues that can be resolved by the MSR/SOI process?			X
b) Water Resiliency and Climate Change			
i) Does the organization support a governance model that enhances and provides a more robust water supply capacity?			X
ii) Does the organization support multi-agency collaboration and a governance model that provide risk reduction solutions that address sea level rise and other measures to adapt to climate change?			X
c) Natural Hazards and Mitigation Planning			
i) Has the agency planned for how natural hazards may impact service delivery?	X		
ii) Does the organization support multi-agency collaboration and a governance model that provides risk reduction for all natural hazards?	X		

a-c) According to CAL FIRE, as of 2025, LRD is in a “Moderate” Fire Hazard Severity Zone. LRD participates in the San Mateo County Local Hazard Mitigation Plan. LRD coordinates with the Ladera Emergency Preparedness group for disaster response, which is organized by the Ladera Community Association, in alignment with the Woodside Fire Protection District. LRD performs annual vegetation clearing to maintain defensible space around its facilities, and fuel reduction on the land. LRD also maintains its pathways clear of debris.

MSR Determination No. 7: LRD participates in the County-wide Local Hazard Mitigation Plan. LRD coordinates with the Ladera Emergency Preparedness group for disaster response, in alignment with the Woodside Fire Protection District.

Recommendation:

10. LAFCo encourages LRD to continue its efforts in the area of hazard mitigation.

Section 6. Ladera Recreation District Sphere of Influence Determinations

Government Code Section 56425 requires San Mateo LAFCo make determinations concerning land use, present and probable need for public facilities and services in the area, capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, and existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency. These include the following determinations:

1. **The present and planned land uses in the area, including agricultural and open space lands:** The Ladera Recreation District (LRD) is comprised primarily of residential land use, with some commercial, and institutional land use. LRD boundaries contain land that is under the jurisdiction of the County of San Mateo.
2. **The present and probable need for public facilities and services in the area:** LRD meets the needs of its residents and businesses for recreation services, and LRD staff anticipate that they will be able to provide adequate facilities and services for the anticipated growth within the service area.
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:** LRD currently provides adequate public services to LRD residents and out of district members, including tennis courts, pool, playground, recreation building, and more. In addition, LRD maintains an infrastructure depreciation schedule to monitor necessary capital improvements, repairs, and replacements to LRD infrastructure and facilities.
4. **The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:** There are no disadvantaged unincorporated communities within the boundaries or the SOI of LRD.
5. **For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence:** There are no proposed changes to the LRD SOI.

On the basis of the Municipal Service Review:

☒ Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update is NOT NECESSARY in accordance with Government Code Section 56425(g). Therefore, NO CHANGE to the agency's SOI is recommended and SOI determinations HAVE NOT been made.

☐ Staff has reviewed the agency's Sphere of Influence and recommends that a SOI Update IS NECESSARY in accordance with Government Code Section 56425(g). Therefore, A CHANGE to the agency's SOI is recommended and SOI determinations HAVE been made and are included in this MSR/SOI study.

Appendix A. Ladera Recreation District Fact Sheet

General Manager: Sarah Gutierrez (appointed by Board)

Physical Address: 150 Andeta Way, Portola Valley, CA, 94028

Email Address: manager@laderarec.org

Phone Number: (650) 854-3242

Date of Incorporation: 1958

Board of Directors: Board members serve a four-year term. There are no term limits.

Board Members	Term Expiration Date
Brian Wall, President	2026
Bob Felderman, Vice President	2026
Calin Thomas	2026
Leslie Anglada	2028
Helen Wang	2028

Compensation: Board members are all volunteers (not paid).

Public Meetings: Regular board meetings are held on the second Monday of each month at 7PM at 150 Andeta Way, Portola Valley. Meetings are not livestreamed. Official agendas are posted at the Recreation District and on the LRD website at least 72 hours before a regular meeting. An archive of meeting minutes is also available. Staff reports are not posted.

Services Provided: Public Recreation by means of parks, playgrounds, swimming pools, recreation buildings, and a community meeting hall.

Agency staff: 3 full-time staff, 87 part-time/seasonal

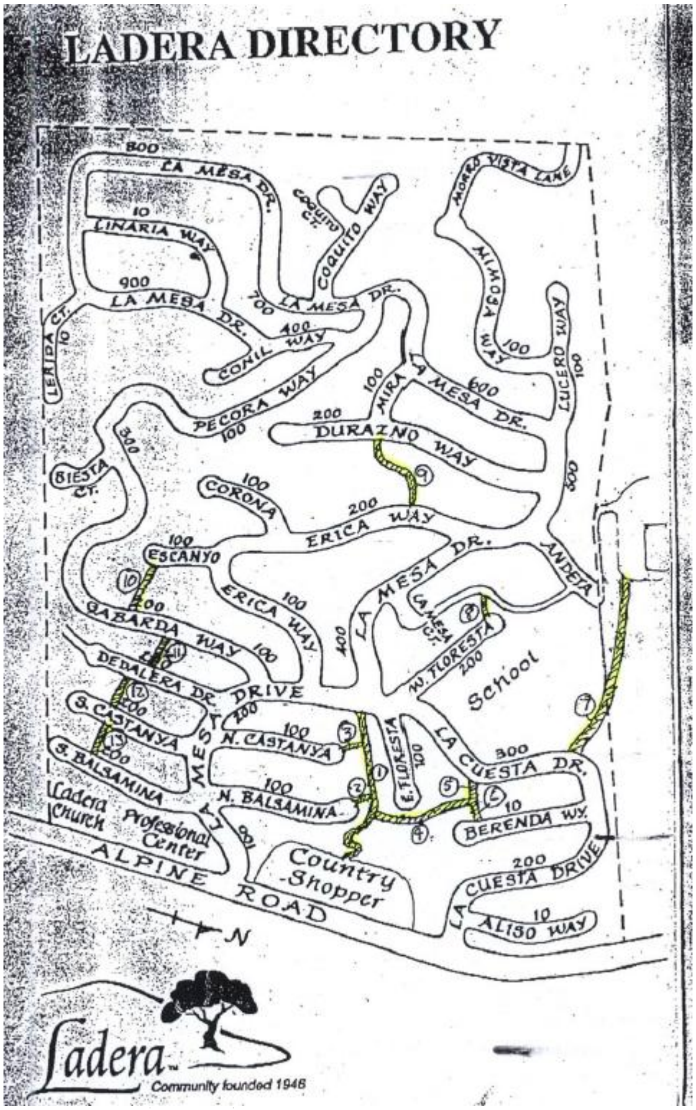
Area Served: 2 square miles

Population: 2,500

Sphere of Influence: Contiguous with corporate boundaries.

2025-26 General Fund Budget: approximately $1.3M (estimated)

Attachment A



LADERA RECREATION DISTRICT

PATHWAY SYSTEM

Ladera Recreation District maintains approximately 2 miles of pathways interconnecting the lower streets of Ladera. All the pathways are on easements adjacent to private properties. Regular debris and leaf removal occurs on a quarterly basis. Repairs and maintenance are addressed on an as-needed basis determined by the LRD.

There are 13 sections of pathway – indicated on attached map.

1. La Mesa Drive to Country Shopper
2. N. Balsamina to Pathway #1
3. N. Castanya to Pathway #1
4. Pathway # 1 to Pathway #6
5. La Cuesta Drive to Pathway #4
6. Berenda Way to Pathway #4
7. La Cuesta Drive to Woodland School
8. W. Floresta to La Mesa Court
9. Durazno Way to Erica Way
10. Escanyo to Gabarda Way
11. Gabarda Way to Dedalera Drive
12. Dedalera Drive to S. Castanya
13. S. Castanya to S. Balsamina