

October 15, 2007

To: Members, Formation Commission

From: Martha Poyatos
Executive Officer

Subject: Report & Recommended Determinations- Municipal Service Review and Sphere of Influence Review for the Ladera Recreation District

Summary:

The attached municipal service review examines the nine categories set forth in Government Code Section 56430 and the four areas of determination set forth in Section 56425 in regard to service provision and sphere of influence for the Ladera Recreation District. This service review process included circulation of a draft report for comment and presentation of the draft report at a Ladera Recreation District Board meeting.

Prior to adopting, amending or reaffirming a sphere of influence, Section 56430 requires that LAFCo conduct a municipal service review and make determinations concerning infrastructure, growth and population projections, financing constraints, opportunities for cost avoidance, rate restructuring and shared facilities, government structure options, evaluation of management efficiencies and local accountability and governance. Recommended service review determinations are attached to the report as Exhibit A and recommended sphere determinations are attached as Exhibit B. The determinations and sphere of influence designation would apply in processing future proposals for annexation or reorganization.

Recommendation: It is recommended that the Commission consider the attached municipal service and sphere of influence report, adopt the recommended determinations and reaffirm the existing sphere of influence for the Ladera Recreation District.

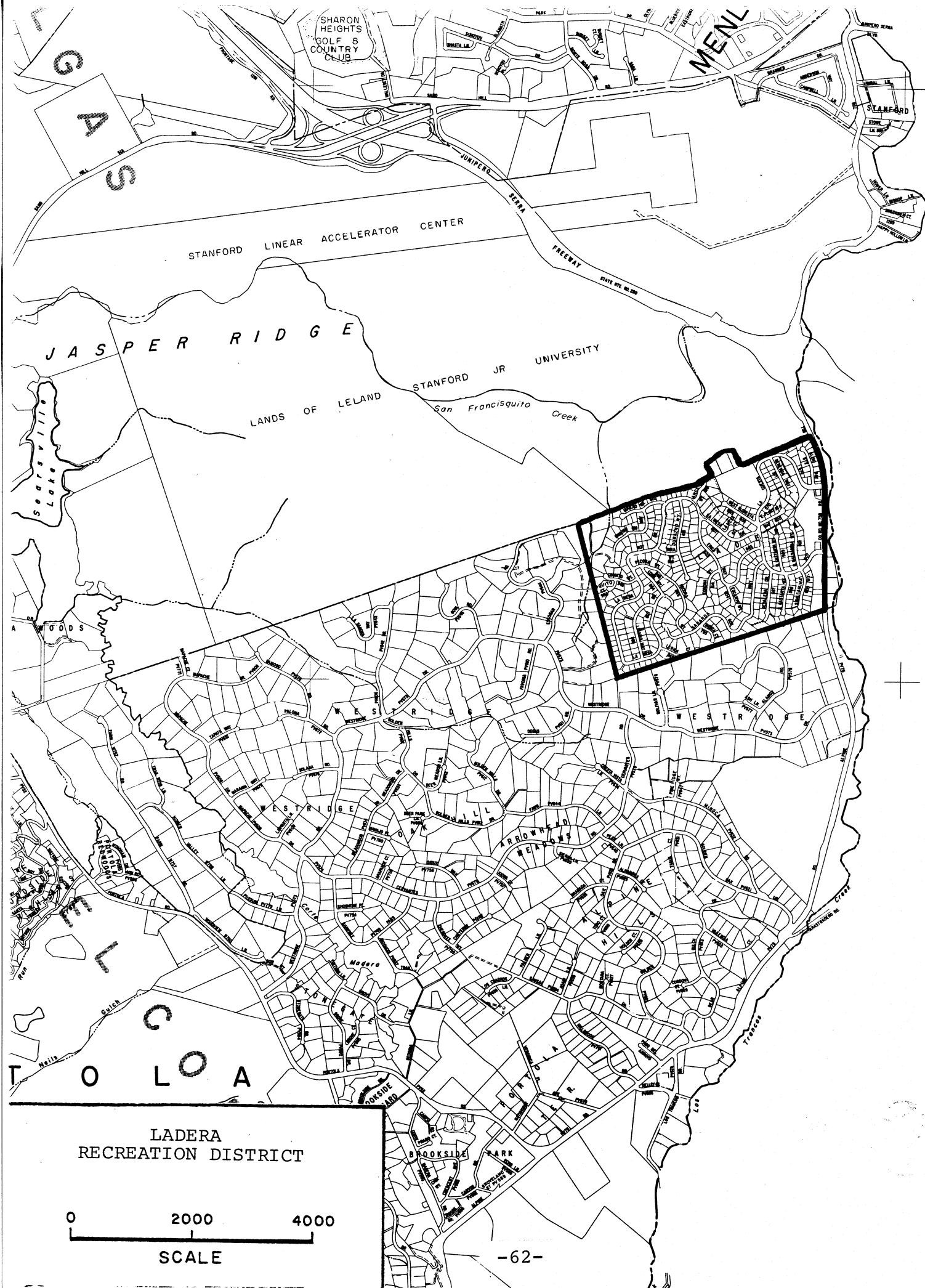
Municipal Service Review
Ladera Recreation District
October 15, 2007

Ladera Recreation District

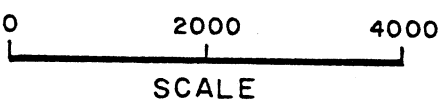
Ladera Recreation District is an independent community services district governed by a five-member board elected by voters of the District. The District was formed in 1958 pursuant to Government Code Section 61000 as a financing vehicle for financing recreation facilities including a swimming pool and tennis courts. At the time the land was leased from Stanford University but was purchased by the District in 1977 and now includes a Junior Olympic size swimming pool, baby pool, play area and four tennis courts, two of which are lit. The District programs include team swim and tennis and swim classes, as well as exercise classes and recreational use of facilities. The District also maintains approximately 2 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 as determined by the District.

The Ladera Recreation District includes the unincorporated Ladera neighborhood of approximately 534 residential parcels and two square miles northeast of the Town of Portola Valley. (Please see map on the next page.) The District operates with two part-time co-managers, one part-time administrative assistant and approximately thirty to forty part-time, seasonal employees. Classes are taught by independent contractors.

While Ladera Recreation District services are limited to park and recreation services, as a district formed pursuant to Section 61000 for community services districts, 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. In the case of Ladera Recreation District the only active services currently provided are park and recreation and both LAFCo and voter approval would be required in order for a community services district to activate additional powers.



LADERA RECREATION DISTRICT



(1) Infrastructure needs or deficiencies

The District's facility is located at 150 Andeta Way in Ladera (unincorporated County of San Mateo). As noted above, the recreation center includes: one clubhouse including recreation room, bathrooms, changing rooms, two offices and storage buildings; one 25-yard pool, one wading pool and four tennis courts. The District reports that all facilities are in good condition and that the District's capital fund covers the cost of regular maintenance, capital improvements and emergency repairs. As of June 30, 2006, the District had a total of \$322,500 of outstanding debt scheduled to be fully repaid by 2012, which represents loans to finance capital projects.

(2) Growth and population projections for the affected area.

The 2000 Census population for Ladera Recreation District is 1,492. While the Ladera community is in the sphere of influence of the Town of Portola Valley, population growth projections for the Town and sphere of influence (14% by 2035) do not reflect the Ladera community's lack of opportunity for infill or subdivision. Modest growth may result from changes in demographics of homeownership.

(3) Financing constraints and opportunities

Ladera Recreation District relies predominantly on park and recreation fees (approximately \$500,000) and receives approximately \$100,000 in annual property tax revenues.

The 2004-2005, 2005-2006 and 2006-2007 budgets including expenditures are shown below:

General Fund Revenues	2005-2006 Adopted	2006-07 Adopted	2007-08 Adopted
Type			
Fund Balance Available	26,099	302,752	213,17
Cancellation of Prior Year Reserves	236,818	81,295	226,000
Property Tax	92,950	97,622	136,345
Park & Recreation Fees	491,402	516,970	522,343
Interest Earned	8,200	18,500	32,500
Miscellaneous	5,000	2,800	2,800

Ladera Recreation District

October 15, 2007

Page 4

State Block Grants	50,088	20,000	10,000
Other Revenues		400	149
Total Revenue & Fund Balance	\$943,420	\$1,040,339	\$1,111,514

Expenditures	2005-2006 Actual	2006-07 Adopted	Approved 2007-08
Salaries & Benefits	276,495	282,067	312,012
Printing, Copying, Office	5,003	8,478	8,024
Repairs & Maintenance	34,404	31,741	55,127
Paint, Solvent, Chemicals	6,241	7,602	7,007
Landscaping	21,379	16,767	18,435
Custodial	9,708	15,088	15,428
Utilities	30,641	29,108	33,281
Meetings & Conference	7,220	11,545	10,345
Miscellaneous	2,705		
Professional	4,981	5,864	9,600
In-house Admin/Accounting	3,729	5,288	5,000
Program Activities	19,085	22,249	19,934
Debt Service	26,700	26,700	26,700
Taxes & Assessments	3,338	2,338	2,338
District Operating Exp.	17,278	17,489	28,017
Vending	3,457	4,137	4,779
Telephone	4,710	3,193	3,424
Insurance	16,762	21,266	23,417
Capital Outlay	39,850	30,388	32,150
Contingencies	0	100,000	44,674
Capital Reserve	299,050	162,146	184,455
General Reserve	81,295	226,000	254,722
Total Appropriations	\$910,960	\$1,040,339	\$1,111,514

The District submits the adopted budget to the County of San Mateo in the format shown above because the District keeps almost all District funds with the County Treasurer. As shown above, the District receives approximately \$672,337 in annual revenues including membership fees (\$522,343) and property tax (\$136,345). For the 2007-08 Fiscal Year, program appropriations (less contingencies and reserves) total \$627,663 including contingencies and general revenues (program fees, property tax, interest, etc.)

The District Fund Balance for the fiscal years ending June 30 for fiscal years 2006, 2005 and 2004 were \$788,574, \$596,711 and \$441,798, respectively as shown below.

	June 30, 2006	June 30, 2005	June 30, 2004
Restricted ¹	308,262 ²	562,967	485,516
Unrestricted	393,135	33,744	(43,718)
Debt Service	87,177		
Total ³	\$788,574	\$596,711	\$441,798

Growth in fund balance responds to inadequate reserves in previous years and reflects District efforts to establish a reasonable fund balance in case of unforeseen events in addition to capital improvements. District staff is in the process of assessing reserve needs and developing long term fiscal policies including targets for reserve funds for consideration by the District Board.

(4) Cost avoidance opportunities

Please see #8 Management Efficiencies

(5) Opportunities for rate restructuring

The District charges annual membership fees for family and individuals for Ladera residents and a higher membership fees for a limited number of memberships for non-Ladera residents. Other revenues include class and camp fees and facility rental. For Fiscal Year ending June 30, 2006, park and recreation revenues and grants accounted for \$500,127 or 94% of operating expenditures.

¹ For June 30, 2006, restricted fund balance is site acquisition assessment and

² The audit dated June 30, 2006 uses the term 'Site acquisition assessment' in lieu of 'Restricted Fund Balance' and states this fund is used to account for financial resources designated for acquisition or construction of major capital assets and used to account for accumulation of resources and repayment of general long-term debt principal and related costs. The District reports that the correct term for these funds is actually capital improvements as there is no plan for site acquisition.

³ While all District funds (except for a petty cash account) are kept with the County Treasury, the fund balance reflected in the County budget schedule does not reflect the District's fund balance noted in the District's annual audit.

(6) **Opportunities for shared facilities**

District services are provided at Ladera Recreation Center with limited opportunity for off-site programs and limited capacity for non-resident services.

(7) **Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers.**

Section 56430 requires discussion of governance alternatives and advantages and disadvantages of reorganization. The sphere of influence of the Ladera Recreation District is status quo indicating that the District's boundaries and governance are appropriate based on services provided, funding and community needs. In this discussion, it is important to acknowledge the strong ties in the Ladera neighborhood with the District, which was formed specifically to finance recreation facilities and services for the Ladera neighborhood.

Because the District serves unincorporated Ladera, which is in the sphere of influence of the Town of Portola Valley, governance alternatives include:

- a) Status quo (no change in governance or boundaries) and;
- b) Annexation of Ladera to the Town of Portola Valley and either continued existence of the District as a separate independent district, which is permitted by enabling legislation or dissolution of the District and transfer of service responsibility to the Town of Portola Valley. Consideration would need to be given to whether Town governance would include continuance as a program that benefits the Ladera Community or operation as a Town program with a broader benefit to Town of Portola Valley residents, thereby resulting in reduction in service to Ladera residents.

(8) **Evaluation of Management Efficiencies**

This section examines efficiencies of an agency in the context of effectiveness and ability to provide service with resources available.

As noted above, the District operates with two part-time Co-managers, one part-time office assistant and thirty to forty seasonal employees that fill positions of life guard, swim coaches and instructors, camp directors and counselors. The District also contracts with independent contractors to teach fitness and other classes. Board members are not compensated.

(9) **Local accountability and governance**

This section examines the degree to which an agency keeps affected residents informed about district services, budget, programs, anticipated changes in service, effectiveness of the district in responding to requests for information and the degree to which the an agency encourages public participation in decision making.

The Ladera Recreation District is governed by a five-member board, elected by voters in the district. The Board meets on the second Monday of the month at 7:30 p.m. at the Ladera Recreation District at 150 Andeta Way, Portola Valley. The agenda is posted and the District sends weekly newsletters to the membership on-line and distributes a monthly printed newsletter to the community. Board meetings are subject to the Ralph M. Brown Act governing public meetings. The Board adopts a budget annually and the budget is available to the public.

The District website (www.lrdrec.com) provides information on District recreation programs and activities and the District is in the process of updating the website to include information on District governance, board composition, meeting schedule, agenda and budget.

Section 2: Sphere of Influence Review

Government Code Section 56425 specifies that in determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to each of the following:

- 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.*

This sphere of influence update incorporates information and determinations in the municipal service review, changes that have taken place since the sphere of influence was originally adopted.

District Enabling Legislation and Active Powers:

Pursuant to the Government Code Section 61000 the broad set of services a community services district can provide is included in Attachment B. Of those authorized, Ladera Recreation District services are limited to Park and Recreation and any new services would require approval by LAFCo and the voters of the District.

District Spheres and Service Areas:

The Ladera Recreation District Service area is described above and shown on the map on page 2. The sphere of influence designation is "status quo" indicating that no change to boundaries or governance is recommended. No significant changes have taken place since spheres were adopted in 1985.

In regard to demand for service Ladera residents may register at any time to participate in District programs by paying a membership fee. Currently there is no additional

membership space for non-resident family membership and limited space for individual memberships. As a community services district, Ladera Recreation District could meet other municipal service needs subject to both LAFCo and voter approval and if: the needs are demonstrated, funding is available and such provision would not duplicate existing services provided by another agency.

Sphere of Influence Determinations:

Section 56425 requires the Commission to 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. The following section discusses these areas of determination.

The present and planned land uses in the area, including agricultural and open-space lands

Lands uses within the boundaries of the District include predominantly residential, with land use designations for existing schools and commercial and retail uses.

The present and probable need for public facilities and services in the area

The area within boundaries of the District consists predominantly of residential areas requiring basic municipal services including recreation programs and facilities provided by the District and there is a demonstrated need for continued recreation services.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

Services authorized by the enabling legislation of the District are outlined on Attachment B. The service review provides information on the services provided by the District and District facilities indicating a capacity to serve Ladera residents and non-residents at a non-resident fee schedule.

The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

The Ladera Community and Ladera Recreation District share a common history in that the purpose of the District formation was to fund recreation facilities for the Ladera Community.

Sphere of Influence Considerations

Based on the foregoing, the following section includes recommended sphere determinations that could be adopted by the Commission in reaffirming the sphere of influence of the District.

- (1) The present and planned land uses in the area, including agricultural and open-space lands.**

Land uses within district boundaries include primarily residential with limited commercial and institutional, all of which are under the jurisdiction of the County of San Mateo. Viability of open space lands is not affected by inclusion in the District's boundaries or sphere of influence.

- (2) The present and probable need for public facilities and services in the area.**

The present and future needs for park and recreation as currently provided by the District are expected to continue.

- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

The District provides focused park and recreation services designed to meet the needs of the Ladera Community. Availability of services to non-residents is subject to capacity to serve non-residents and higher non-resident fees.

Ladera Recreation District

October 15, 2007

Page 11

(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.

The territory served by the Ladera Recreation District consists of a single community of interest in regard to recreation services in that the District was formed to serve the Ladera community at a single facility with membership primarily restricted to residents within District boundaries.

Exhibit A
Recommended Determinations

Municipal Service Review
Ladera Recreation District

Determinations pursuant to Government Code Section 56430:

1. **Regarding infrastructure needs and deficiencies, the Commission determines:**
 - a) Ladera Recreation District infrastructure is in good condition and the District's budget includes funding for capital improvements.
2. **Regarding growth and population projections for the affected area, the Commission determines:**

The 2000 Census population for Ladera Recreation District is 1,492. Population growth in Ladera by 2035 is estimated to be modest due to lack of opportunity for infill or subdivision.
3. **Regarding financing constraints and opportunities and opportunities for rate restructuring, the Commission determines:**
 - a) Approximately 90% of operating revenues are generated by park and recreation fees and grants.
 - b) The District is examining targets and fiscal policies including appropriate reserves levels, and fees can be adjusted according to service levels and identified reserve targets.
4. **Regarding cost avoidance opportunities and shared resources, the Commission determines:**
 - a) Existing District practice of hiring part time and contract employees allows the District to limit cost of service based on service needs.
 - b) Opportunities for shared resources are limited.
5. **Regarding opportunities for rate restructuring**
 - a) As a District that collects a share of property tax that offsets fees, funds non-enterprise activities and/or contributes to reserves, the District is in the position to annually assess and adjust fees.
6. **Regarding opportunities for shared facilities (See #4 above)**
7. **In regard to government structure options, including the advantages and disadvantages of consolidation or reorganization of service providers, the Commission determines:**

- a) The District formed in 1958 to finance park and recreation facilities and continues to serve the community with significant financial support through user fees.
- b) Governance alternatives include status quo and annexation of Ladera to the Town of Portola Valley with either continued existence of the District or dissolution of the District and transfer of service responsibility to the Town.
- c) Park and recreation fees and grants significantly offset District expenditures indicating strong support for District programs.

8. Regarding evaluation of management efficiencies, the Commission determines:

- a) The District provides park and recreation service to Ladera residents at resident rates and non-residents at non-resident rates, operates with a volunteer board, limited number of paid personnel and contract services, which allows the District to meet service needs with efficient use of resources.

9. Regarding local accountability and governance, the Commission determines:

- a) The District board is governed by a five-member locally elected board that meets on the second Monday of the month at 7:30 p.m. at the Ladera Recreation Center.
- b) The District maintains a website at (www.lrdrec.com)
- c) The District is updating the website to include information about board composition, budget or financial information or board meeting agenda.
- d) Board meetings are subject to the Ralph M. Brown Act governing public meetings.

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

LADERA DIRECTORY

