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October 14, 2009 (Agenda)

October 14, 2009
 Agenda Item 7

Contra Costa Local Agency Formation Commission
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

**Green Valley Recreation & Park District
 Municipal Service Review and Sphere of Influence Update**

Dear Members of the Commission:

INTRODUCTION

In August 2008, the Commission accepted the Municipal Service Review (MSR) report and made the required determinations for the Green Valley Recreation & Park District (GVRPD). The MSR report is available on the LAFCO website at www.contracostalafco.org. *At that time, the Commission deferred the SOI update pending receipt of additional information.*

GVRPD was formed in 1956 as a successor to the Cameo Acres Community Club created in 1949. The District encompasses 162± acres (approximately 400 properties) within the Town of Danville. The property has a Town of Danville General Plan land use designation of Residential – Single Family – Medium Density (1-3 units per acre), and is zoned R-10 - Single Family Residential District (10,000 sq. ft. lot size minimum). As a result of an SOI amendment approved by LAFCO on July 9, 2008, the District’s sphere of influence (SOI) extends beyond its existing service boundary (Attachment 1).

The District owns and operates a swimming pool located in the Cameo Acres area (corner of Green Valley Road and Diablo Road) and serves the surrounding areas of Danville and Alamo. GVRPD provides swim lessons, a non-competitive swim team, lifeguard training, community and social events. The pool is typically open from the end of May to the end of September each year. Services and programs are available to members and guests, and to residents and non-residents of the District. The District currently has a membership of approximately 120 families, and receives nearly one-half of its funding through user fees, and the other half through property and related taxes.

The LAFCO MSR report identified the following governance and SOI issues, options and recommendations:

Governance Issues

- GVRPD should consider regular review and update of its membership fees.

- The District should look for alternative sources of funding, including levying an assessment, sharing of resources and grant opportunities.
- GVRPD Board should adopt an annual budget of estimated expenses and revenues.
- The Board of Directors should conduct regular meetings at a public location, and should post meeting information on its website.
- GVRPD should consider having an independent financial audit performed on a regular basis.

The MSR report also identified the following governance structure and SOI options:

Governance Structure Options

- Maintain the status quo with annual report backs to LAFCO
- Consolidate with the Town of Danville
- Revert to a homeowners association

SOI Options

1. Maintain the status quo – no change to existing SO boundary
2. Adopt a zero SOI – indicating that a potential dissolution or consolidation may be appropriate

Members of the Commission previously expressed concern regarding the District's operations and discussed various governance structure and SOI options. The Commission previously deferred the SOI update and requested that the District provide LAFCO with information regarding the future of GVRPD at a subsequent LAFCO meeting.

DISCUSSION

In July 2009, Blythe Soria, GVRPD Board Member, provided an informational update to LAFCO regarding the future of the District.

She provided an overview of the District's history, services and facilities. She spoke to the prior SOI expansion, whereby LAFCO expanded the District's SOI by 147± acres (303 parcels) in anticipation of a future annexation of the area. Ms. Soria indicated that the District has since withdrawn its annexation application; and has re-evaluated the pool upgrade project, and opted to pursue less significant upgrades relying on existing funding, rather than pursue a more extensive pool replacement. The costs associated with expanding the pool are prohibitive. Further, the Town of Danville expressed concerns with increasing the size of the pool due to potential neighborhood and traffic concerns.

Ms. Soria also spoke to the recommendations presented in the MSR report and the District's efforts to address these, as summarized below:

- In March 2009, GVRPD reviewed its fee schedule, made some adjustments and will review annually.
- The District will incrementally raise membership fees and apply for grant funding, including \$51,000 from the Measure WW program through the East Bay Regional Park District (EBRPD).
- GVRPD is exploring facility sharing with local fire and emergency service agencies to utilize the pool and grounds as a centrally located command station for use by the Community Emergency Response Team (CERT) in the event of a major disaster.
- In December 2008, the District adopted its FY 2008-09 budget and plans to adopt annual budgets in a timely manner.
- GVRPD now posts meeting notices and minutes on its website. In addition, the District posts meeting notices at the pool.

- The District has an agreement with the County to submit a financial audit every five years, with the next audit due year ending 2010.

Private Alternatives - Ms. Soria reported that GVRPD has continued to explore governance structure options, including forming an alternative entity that would continue to provide community pool services.

In an update provided by GVRPD on September 23 (Attachment 2), the District reports that it has researched various options for privatizing, including forming a homeowners association (HOA) and forming a community pool association.

The table below provides a brief profile of several local pool associations as compared to GVRPD:

| Pool | Location | Fees | Facility Size | Competitive Swim Team | Other Notes |
|-------------------|--------------|--|--|-----------------------|---|
| Del Amigo | Danville | \$800 initiation \$835 annually | Pool 6 lanes wide x 75 ft. long + diving area; Land 1 acre | Yes | -265 member families -Nonprofit corporation 501(c)7 formed in 1958 -They own the property |
| Walnut Heights | Walnut Creek | \$420 initiation \$450 annually | | Yes | -150 max member families -Nonprofit corporation -They own the property |
| Moraga Ranch | Moraga | \$1,050 initiation \$1,000 annually | Pool 6 lanes wide x 75 ft. long | Yes | -Formed in 1960 -Land donated by builder |
| Rancho San Miguel | Walnut Creek | \$200 initiation \$495 annually | Land 1 acre | Yes | -180 member families -501(c)3 corporation formed in 1958 -They own the property |
| GVRPD | Danville | \$0 initiation \$125-\$395 annually | Pool 50 ft. x 22 ft. | No | -District owns the property |

The primary differences between the GVRPD and other local pool associations are: the size of the pool – GVRPD pool is approximately one-third the size of the other pools; competitive swim team – GVRPD does not offer a competitive swim team; and user fees – GVRPD does not charge an initiation fee and its annual membership dues are relatively low in comparison with the other pool associations.

There is one private option which has not yet been fully vetted, which is to combine the Green Valley pool with the Del Amigo Pool Association (DAPA). LAFCO staff discussed with the President of the DAPA Board of Directors whether such a partnership would be feasible. The President questioned the benefit of such a partnership, and thought it would be unlikely. However, he indicated that such a decision would be subject to approval by the full DAPA Board of Directors.

As described in the District’s letter, the challenges associated with forming an HOA or other not-for-profit corporations are primarily fiscal. Should the District be dissolved, it would lose approximately 50 percent of its revenues (property tax). The newly formed private entity would incur expenses associated with purchasing the property/pool, which according to the District is valued at over \$1.5 million. In addition, the private entity would incur additional costs including property taxes (public agencies are typically

exempt from paying property taxes). The new private entity likely would need to raise these funds through membership dues.

Further, as a private entity, the agency would be ineligible for certain types of funding (e.g., local, state and federal grants). GVRPD is eligible for approximately \$51,000 in grant funding through the EBRPD Measure WW bond measure. Measure WW is a \$500 million park bond measure approved by two-thirds of the voters in Alameda and Contra Costa counties in November 2008. Measure WW is an extension of Measure AA, passed by East Bay voters in 1988. Approximately \$125 million has been allocated for local grant programs (i.e., counties, cities, special districts). The majority of bond funds will be used to fund regional park acquisitions and capital projects.

The District believes that forming an HOA is not a viable option for a number of reasons. The Cameo neighborhood is a long-established neighborhood, close to 60 years old; and an HOA is typically formed by a developer for the purpose of developing, managing and selling a development of homes. Further, the District is concerned with the effects of forming an HOA, (i.e., covenants, conditions and restrictions); and with financing in terms of costs associated with creating and operating an HOA, as well as the fiscal sustainability of an HOA given that initial membership would likely be voluntary.

The District feels that forming a private entity to take over the pool is problematic primarily due to funding, as such an option would not provide a guaranteed revenue source; and without adequate funding, the pool will be forced to close.

There are a number of outstanding issues relating to privatizing the GVRPD, including transfer of property, creating a nonprofit entity, possible consolidation with the DAPA, etc.. These issues require additional research and should be resolved prior to dissolving or merging the GVRPD.

Public Alternatives - In addition to the private options of forming either an HOA or other non-profit corporation, several public options were explored as summarized below.

1. Consolidating with the Town of Danville

In their July 7, 2009 letter to LAFCO, the Town of Danville states that given the scope of recreation programs and services currently offered through the Town, Danville would have no interest in succeeding the GVRPD, should the District cease to exist.

2. Consolidating with East Bay Regional Park District (EBRPD)

EBRPD is an independent special district serving Alameda and Contra Costa counties. The District owns or operates 65 regional parks, recreation areas, wilderness, shorelines, preserves and land banks spanning over 98,000 acres. The District provides recreational programs including fishing, boating, swimming, camping, golf, hiking, arts and craft activities, and environmental activities. The District provides maintenance of its natural open space areas, park areas, trees, landscaping, buildings, and other structures at the EBRPD's park sites and facilities. In addition to the parkland, trails and other natural and open space areas, the District's infrastructure includes two golf courses, a youth camp and environmental education center, nine visitor centers, swimming pools, 10 freshwater lake swimming areas and lagoons, two beaches, 25 lake fishing docks and three bay piers.

LAFCO and EBRPD staff informally discussed a potential consolidation. EBRPD staff indicates that the District's focus is providing *regional* park and recreation programs, and not local programs. The District currently operates one swimming pool, and is sensitive to the issue of liability.

In addition, EBRPD staff confirmed that GVRPD is eligible for \$51,000 in Measure WW funding. The funding is based on a per capita formula, and there are no matching requirements for the local grant program. Eligible projects include acquisition (fee title or permanent easement for public access projects), and development (including renovation of recreational facilities). In order to apply for funding, the local agency must execute a master contract with EBRPD. Following execution of the contract, the local agency may request reimbursement. Projects must be fully completed by December 31, 2018. Details regarding Measure WW funding are available in the *EBRPD Procedural Guide for the Local Grant Program*.

3. *Consolidating GVRPD with County Service Area (CSA) R-7*

CSA R-7 is a dependent district formed in 1971. The District originally included the unincorporated areas of Alamo, Danville and San Ramon. Since incorporation of the Town of Danville and City of San Ramon, most of the incorporated territory has been detached from CSA R-7. Today, CSA R-7 includes most of the unincorporated community of Alamo and a few parcels located within the Town of Danville (i.e., Hap Magee Ranch Park property).

The County and the Town of Danville formed a Joint Planning & Operations Committee to oversee Hap Magee Park operations. Both the Town and the County provide funding to support park operations and facilities. CSA R-7 also provides funding to support the Monte Vista High School pool operations.

Currently, CSA R-7 has an advisory committee whose members are appointed by District III County Supervisor. In July 2009, the Board of Supervisors voted to establish the Alamo Municipal Advisory Council (MAC). In a related action, the Board eliminated the advisory bodies for CSA R-7 and Zone 36 and transferred the responsibilities of these bodies to the Alamo MAC. It is anticipated that the Alamo MAC will be operational by January 1, 2010.

Further, the Town of Danville staff advises that combining the GVRPD with CSA R-7 would likely require a use permit, as there would be the potential for increased pool use and associated traffic and parking issues.

Further consideration of this option would require additional input from Town of Danville and the new Alamo MAC.

4. *Consolidating GVRPD with the San Ramon Valley Unified School District (SRVUSD)*

LAFCO staff has communicated with the Superintendent of the SRVUSD who indicates that the School District has no interest in taking over the Green Valley pool.

Community Input - On September 26, GVRPD hosted a community meeting to discuss the LAFCO MSR/SOI update and the upcoming LAFCO meeting. Approximately 20 residents attended the community meeting, including former GVRPD Board members and both District residents and non-residents. LAFCO staff attended the meeting to respond to questions regarding LAFCO and the MSR process.

Those in attendance expressed their support for maintaining the District. In addition, LAFCO has received numerous letters and e-mails from those interested in maintain the GVRPD (attached).

SOI OPTIONS

With regard to the SOI update, the following options are presented:

1. Retain existing expanded SOI,
2. Reduce SOI to coincide with existing service boundary,

3. Adopt a zero SOI signaling dissolution, merger or consolidation, or
4. Defer the SOI update pending additional information on various options presented above.

RECOMMENDATION

SOI Option #4

As indicated above, there is at least one option (i.e., consolidating with CSA R-7) which has not been fully examined. Should the Commission desire additional information regarding this or other options, the Commission should defer the SOI update at this time.

However, should the Commission choose to take action on the SOI in accordance with SOI Options 1, 2 or 3, it should direct LAFCO staff to prepare a resolution for adoption at the next LAFCO meeting.

Sincerely,

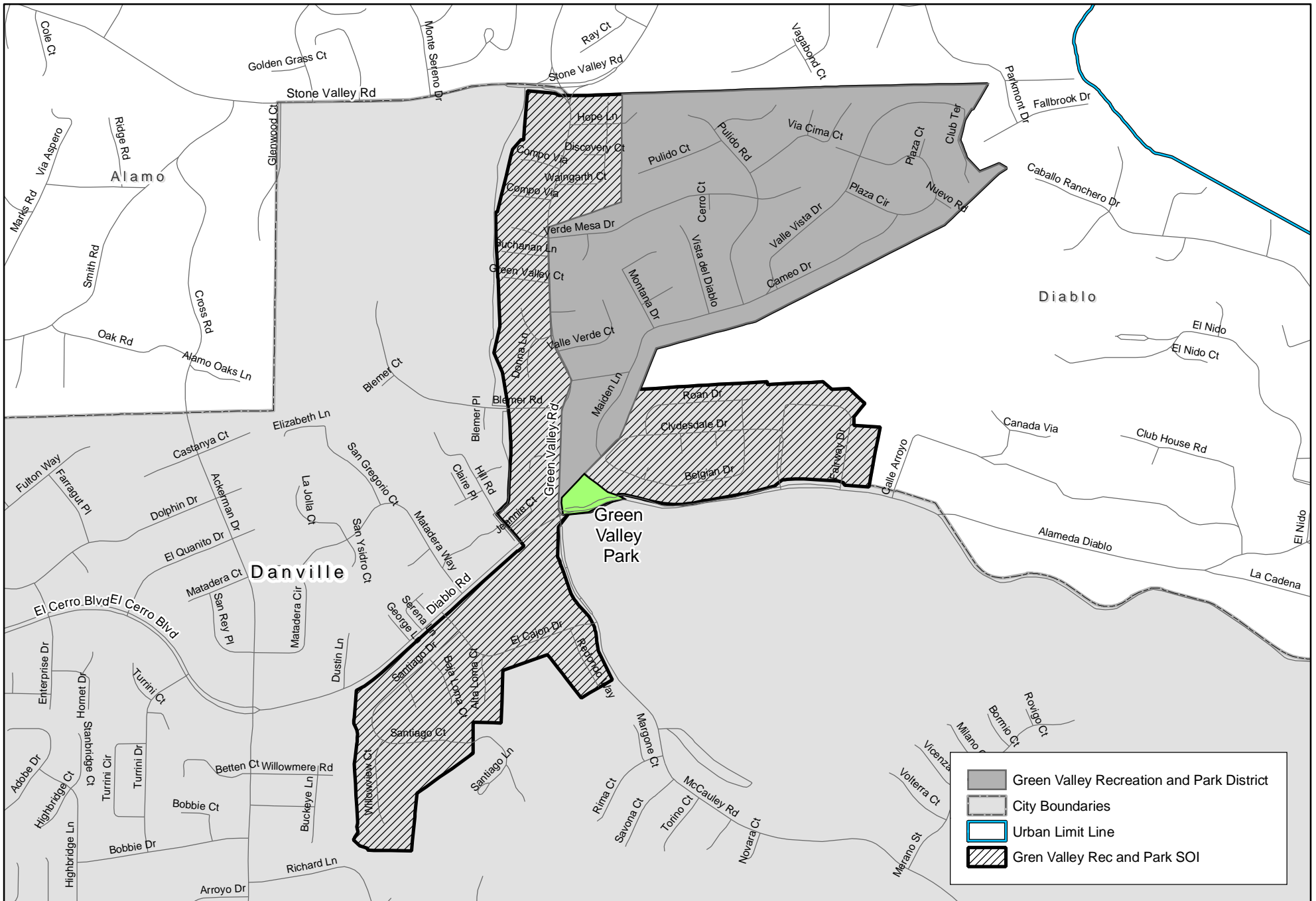
LOU ANN TEXEIRA
EXECUTIVE OFFICER

c: Distribution

Attachments:

1. GVRPD boundary/SOI Map
2. Letter dated September 23, 2009 from GVRPD Board Member Blythe Soria
3. Letters and e-mails from interested parties

Green Valley Recreation and Park District





Green Valley Recreation and Park District
P.O. Box 112
Diablo, CA 94528

September 23, 2009

Lou Ann Texeira
 Executive Officer
 Contra Costa Local Agency Formation Commission
 651 Pine Street, 6th Floor
 Martinez, CA 94553

Re: ***Green Valley Recreation and Park District***

Dear Ms. Texeira:

On July 8, 2009 the Green Valley Recreation and Park District (GVRPD) Board gave an informational presentation to the Contra Costa LAFCO Commissioners regarding the district and the services we provide. The response from 2 of the Commissioners was that a community pool is not an effective use of government and the Green Valley Pool should be privatized and fully funded by user fees.

The GVRPD board took this suggestion very seriously and began researching other pools in the area that are operated by private companies. Searching on the internet I found several web sites for local pools. I excluded pools run by homeowners associations or country clubs and facilities that provide swimming and tennis. I was able to find 4 pools located in Danville, Walnut Creek and Moraga that provide swimming services to their local communities and are owned by private firms. I contacted the management of each of these pools for more information on their operation. Below is a summary of my research.

| Pool | Location | Fees | Facility Size | Competitive Swim Team | Other Notes |
|-------------------|-----------------|--------------------------------------|---|------------------------------|--|
| Del Amigo | Danville | \$800 initiation \$835 annually | Pool 6 lanes wide x 75 ft. long + diving area; Land 1 acre | yes | 265 member families Non profit corporation 501(C)7 formed in 1958 They own the property |
| Walnut Heights | Walnut Creek | \$420 initiation \$450 annually | | yes | 150 max member families |
| Moraga Ranch | Moraga | \$1050 initiation \$1000 annually | Pool 6 lanes wide x 75 ft. long | yes | Formed in 1960 Land donated by builder |
| Rancho San Miguel | Walnut Creek | \$200 initiation \$495 annually | Land 1 acre | yes | 180 member families 501C3 corporation formed in 1958 They own the property |

Next, a projected budget was developed for a possible Green Valley Pool non-profit; see below. The local privately owned pools I researched are approximately 75 ft. long and 6 swim lanes wide which typically equates to 44 ft. wide. Green Valley Pool is 50 ft. x 22 ft. - **1/3** the size. We are limited in the amount we can charge members due to the small size of the pool. Our pool is not big enough for a competitive swim team which also generates a significant amount of revenue for other local pools. The Town of Danville is against enlarging the pool due to neighborhood and traffic concerns. Even if we ambitiously estimate we could charge a seasonal fee of \$500 per family and try to maintain membership at 120 families, the shortfall would still be over \$25,000 per year. We are constantly looking for ways to keep expenses down. This year we re-bid our pool service, landscaping and pest control contracts and changed to vendors with lower costs. Next year we plan to reduce labor costs by staffing at minimum safety levels and reducing hourly wages.

Green Valley Pool Non-Profit Corporation Projected Budget

Income

| | |
|-------------------|-----------------|
| Membership Dues | \$60,000 |
| Fees for Services | \$7,689 |
| Tax Revenue | \$0 |
| Total Income | <u>\$67,689</u> |

Expense

| | |
|-----------------------------|-----------------|
| Administrative Expenses | \$100 |
| Advertising and Promotions | \$2,000 |
| Event Expenses | \$2,150 |
| Insurance | \$7,133 |
| Landscaping Service | \$3,700 |
| Pest Control | \$432 |
| Legal and Professional Fees | \$5,000 |
| Licenses and Permits | \$855 |
| Payroll Expenses | \$31,693 |
| Payroll Processing | \$1,221 |
| Payroll Tax | \$9,191 |
| Pool Service & Repairs | \$7,700 |
| Postage and Delivery | \$80 |
| Printing and Reproduction | \$100 |
| Property Tax | \$2,071 |
| Capital Improvements Fund | \$5,000 |
| Repairs and Maintenance | \$2,144 |
| Safety Equipment | \$235 |
| Supplies and Materials | \$2,331 |
| Telephone | \$382 |
| Utilities | \$9,822 |
| Total Expense | <u>\$93,340</u> |

Net Income (\$25,651)

This projected budget does not take into account the purchase of the land which could be worth well over \$1.5 million. If the land cannot be transferred at zero cost, a loan would have to be obtained for the purchase which would cause expenses to be significantly higher. Property tax expense would be notably higher as well. The other local pool organizations we contacted were formed in the 1950s and 1960s when land was much cheaper. The Town of Danville was not

receptive to the idea of renting the land to a pool (too much liability) or selling the land at a near zero price.

Ultimately it became quite evident a pool the size of Green Valley Pool cannot generate enough revenue from membership dues and fees to cover 100% of the operating expenses. A pool like ours must be backed by a community-wide organization with a guaranteed revenue stream like a special district or a homeowners association. The Cameo neighborhood is well established and close to 60 years old; it would not be possible to be form a homeowners association now. **The special district must remain in place or the pool will be closed.**

A vote by the LAFCO commissioners to reduce the Green Valley Recreation and Park District sphere of influence to zero with the recommendation to form a private company to maintain the services of the Green Valley Pool will do nothing but close the pool and cause irreparable damage to this community.

Sincerely,

GREEN VALLEY RECREATION AND PARK DISTRICT

Blythe Soria
Volunteer Board Member