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Urban Economics
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PUBLIC REVIEW DRAFT REPORT

SPECIAL STUDY: GOVERNANCE OPTIONS

RANCHO RINCONADA

RECREATION AND PARK DISTRICT



Prepared for LAFCO of Santa Clara County

Berkson Associates

In association with Policy Consulting Associates, LLC

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1. OVERVIEW

The Local Agency Formation Commission of Santa Clara County (LAFCO) prepared a Service Review of the Rancho Rinconada Recreation and Park District (RRRPD) in 2013 which recommended further analysis of governance changes for the District.¹

RRRPD has had a zero sphere of influence since 1982 indicating that the RRRPD should eventually not exist as an independent special district. LAFCO reaffirmed the District's zero sphere of influence in its 2013 Service Review for the District.² The 2013 RRRPD Service Review found that a significant service overlap contributes to "the duplication in services delivered within the boundaries of Cupertino [which] creates inherent inefficiencies and fragmented service delivery and impedes long-term planning for the delivery of recreation services to the residents of Cupertino."³

In recent years there have been disputes and allegations of mismanagement among the Board leading to the resignation of two board members and a lack of a quorum to conduct RRRPD business. As noted in LAFCO's Request for Proposals (RFP) for this special study, LAFCO has received complex questions and complaints from residents concerning the RRRPD. At the February and April 2019 LAFCO meetings, community members informed LAFCO of their concerns about RRRPD's inefficient pool operation, lack of public outreach and public awareness of the District, and requested that LAFCO address these concerns, resulting in the current special study. Comments regarding allegations of mismanagement, and responses by the District to the complaints, were submitted at LAFCO's meeting in June, 2019.⁴

In 2019, following board member resignations, RRRPD was left with two filled seats; the County Board of Supervisors appointed a temporary third RRRPD board member for the purpose of adopting the FY20 budget. Currently the District has three filled seats sufficient to function with a quorum, and the two remaining vacant seats could be filled at the 2020 general election.

¹ Special Districts Service Review: Phase 1, Prepared for LAFCO of Santa Clara County by PCA, LLC, Adopted June 5, 2013.

² LAFCO Staff Report, April 3, 2019, Item 7.

³ *ibid*, 2013 RRRPD MSR, pg. 27.

⁴ See correspondence received by LAFCO at its 6/5/19 meeting from Sophia Badillo and from Sandra Yeaton, and letter from Kevin Davis, RRRPD General Manager to LAFCO, June 14, 2019.

The 2013 RRRPD MSR considered several governance options which are addressed in more detail in this special study:

- **Option 1: Maintain RRRPD's Current Governance (Status Quo)** – RRRPD remains intact as an independent recreation and park district, and continues to operate and improve its programs, facilities and planning.
- **Option 2: Merger of RRRPD with the City of Cupertino** – RRRPD would be dissolved and its functions, services, assets, and liabilities transferred to the City of Cupertino. The City would integrate RRRPD programs and facilities into current City operations and recreation planning. This option assumes that RRRPD's current property tax allocation would be entirely transferred to the City, and that all RRRPD services would be maintained at current levels (or better).
- **Option 3: Reorganize RRRPD as a Subsidiary District to the City of Cupertino** – RRRPD would remain a special district, but the Cupertino City Council would function as its board. As required by law, "...The district shall continue in existence with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district."⁵

All subsidiary district accounts would be held and reported separately from City funds. Legal and financial responsibility would be limited to the subsidiary district. The subsidiary district would continue to receive its current share of property tax to be used for district purposes.

This Special Study further investigates the financial feasibility and the process required to implement the governance options described above.

⁵ Gov. Code Sec. 57534.

2. RANCHO RINCONADA RECREATION & PARK DISTRICT (RRRPD)

RRRPD was formed in 1955 as an independent special district with its own elected board of trustees. A five-member Board of Directors governs the District; members are elected to four-year terms. As described in the 2013 RRRPD Service Review board members as of 2013 all ran unopposed, eliminating election costs, but also indicating a lack of resident involvement. The Service Review stated that the lack of elections and opposing candidates “reflects a lack of candidate and resident interest in the District’s activities and governance”, however, all seats were filled at that time and in prior years. In 2018 an election occurred with multiple candidates.

As noted in the Overview, in recent years there have been disputes and allegations of mismanagement⁶ among the Board leading to the resignation of two board members and a lack of a quorum to conduct RRRPD business. Currently the District has three filled seats and functions with a quorum, and the two vacant seats could be filled at the 2020 general election.

DISTRICT BOUNDARIES AND SERVICE AREA

As shown in **FIGURE 1**, the boundaries of the District are entirely within the City of Cupertino with the exception of two parcels owned by the County of Santa Clara; those parcels are to the east along Lawrence Expressway and include portions of the Saratoga Creek Trail and riparian area.

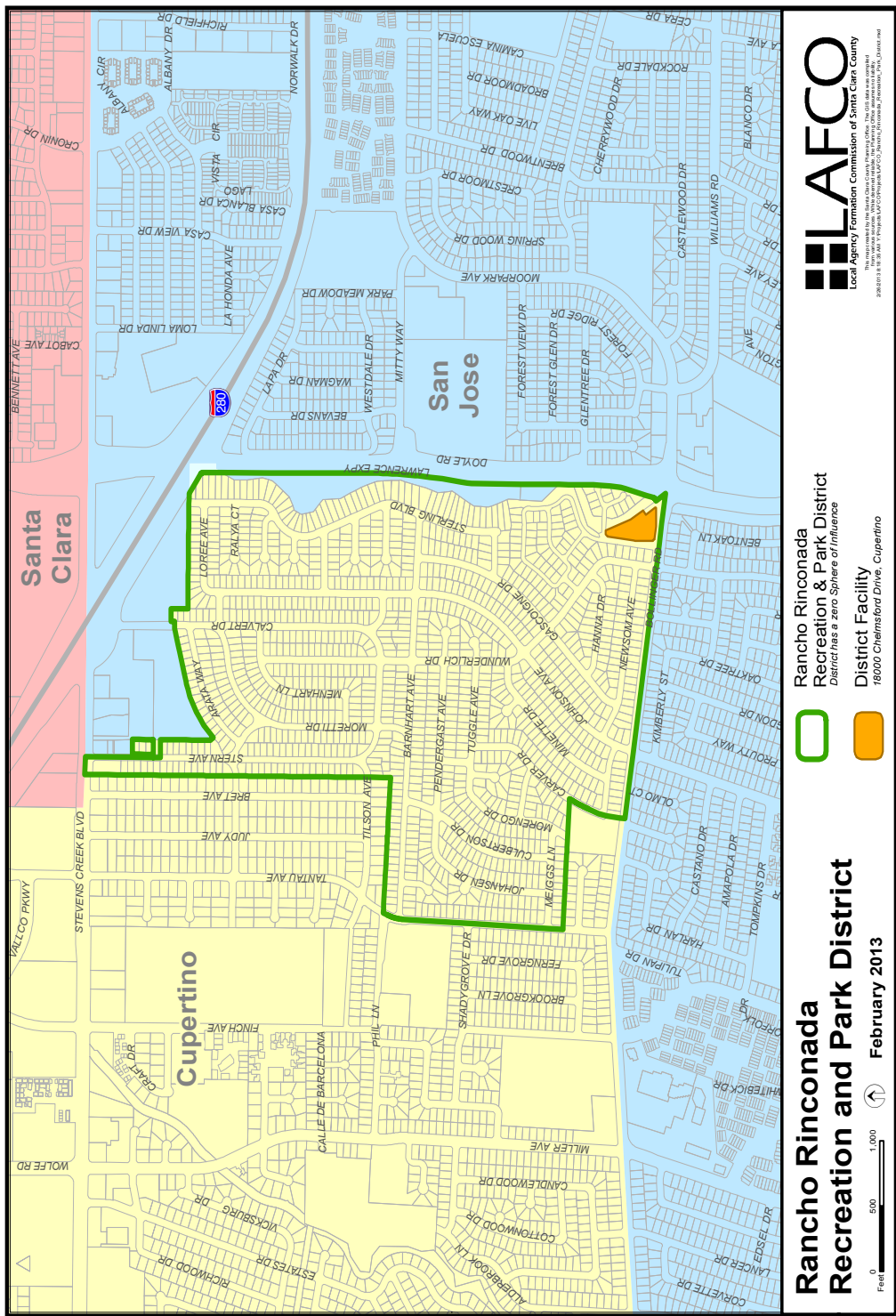
The City of Cupertino is negotiating with the County of Santa Clara for the acquisition of the two County-owned parcels within the District but located in the City of San Jose adjacent to the City’s boundaries; the parcels could then be detached from the City of San Jose and annexed to the City of Cupertino. If that process is completed, the District will be contained entirely within the City’s boundaries. Alternatively, the parcels may be detached from RRRPD so that all RRRPD territory is contained within the City of Cupertino.⁷

District revenue data, which charges higher non-resident rates, indicate that District residents account for about 20 percent, on average, of program participation. Resident participation reaches 50 percent for public swim family passes and 15 percent for private swim lessons.

⁶ See correspondence received by LAFCO at its 6/5/19 meeting from Sophia Badillo and from Sandra Yeaton, and letter from Kevin Davis, RRRPD General Manager to LAFCO, June 14, 2019.

⁷ Boundary changes would be processed through LAFCO as part of a potential reorganization of RRRPD.

FIGURE 1 RRRPD BOUNDARIES



ASSESSED VALUE, POPULATION AND VOTERS

TABLE 1 describes key characteristics of the District. Reorganization of RRRPD could alter the manner of voter representation in District affairs which currently is determined by voters within the District. The current number of RRRPD registered voters represents approximately 6.8 percent of the City of Cupertino's 30,630 total registered voters.

Depending on the manner of reorganization, and LAFCO terms and conditions, the current allocation of property tax could 1) shift to the City's General Fund; 2) remain allocated to a newly-formed subsidiary district to the City.

TABLE 1 SUMMARY OF ASSESSED VALUE, POPULATION & VOTERS

Item	Amount
Land Area (1)	0.4 sq. miles
Residential Parcels (2)	1,266
Population (3)	3,983
Registered RRRPD Voters (4)	2,086
Total City Voters	30,630
RRRPD Voters as % of City	6.8%
Assessed Value (5)	\$1,200,662,755
Tax Increment Factors FY19-20 (6)	
Rancho Rinconada RPD	4.61%
City of Cupertino	6.17%

(1) Special Districts Service Review: Phase 1, Prepared for LAFCO of Santa Clara County by PCA, Adopted June 5, 2013.

(2) Residential parcels based on review of assessor parcel maps. The District is built out according to the 2013 MSR.

(3) *ibid*, 2013 MSR.

(4) As of 9/13/2019 in the following precincts: 3645, 3652, 3654, 3659, per Registrar of Voters.

(5) County of Santa Clara Compilation of Tax Rates & Information Fiscal Year 2019-2020.

(6) Share of annual change in 1% property tax from RRRPD TRAs, net of Educational Revenue Augmentation Fund (ERAF).

TRA 013-266; <https://payments.sccgov.org/propertytax/>

RRRPD is largely built-out and no significant population increase is likely, other than minor changes due to growth in housing unit occupancy rates and household size. The City of Cupertino's household population is estimated to increase from 64,335 in 2020 to 65,275 in 2030, an average annual compound growth rate 0.3 percent.⁸

RRRPD GOALS, POLICIES AND PLANS

The District's Bylaws, last revised in 1992, govern District procedures. The Bylaws state that the purpose of the District is to

"...provide a well-rounded, wholesome program of leisure time activities for the people residing within the boundaries of the District and others not residing within the boundaries of the District who desire to participate. This shall be accomplished by the development of supervised programs, construction and maintenance of recreation facilities and park facilities, while cooperating with other agencies in an area which provide like services or can assist in providing said services."

RRRPD does not have a strategic plan or a facilities master plan; those documents have been a major District goal which, according to District staff, "has been delayed due to the recent governance issues."⁹

The District produces a budget annually; no long-term budget forecasts are included. The District's financials are audited annually.

RRRPD PROGRAMS, STAFF AND FACILITIES

RRRPD PROGRAMS

Following is a summary of programs provided at the RRRPD facility. Additional detail and pricing can be found in APPENDIX B.

- **Swim Lessons** - the most popular program at RRRPD is private swim instruction. There are roughly 8,450 lessons delivered annually with the majority clustered in the summer months.

⁸ Projections 2040, ABAG/MTC, downloaded 1/23/2020 from <http://projections.planbayarea.org/>

⁹ RRRPD response to 2019-07-25 Data Request.

- **Precompetitive Swim Training** – Provides endurance training and teaches advanced racing techniques and terminology.
- **Youth Swim Team** – Hour-long training provided by swim coaches for the Rancho Swim Team that participates in nationally-organized competitions including the Junior Olympics and the Western Championships.
- **Public Swim** – Second to swim lessons in popularity and open to the public.
- **BBQ Pool Party Rental** – Offered hours concurrent with public swim, the privately-gated area provides a canopy, BBQ grill, and picnic tables for parties between 15 and 40 people.
- **Swim Camp** – The swim camp started in 2018 and in its second year operated at full capacity with further expansion planned.
- **Pool and Hall Rentals** – The pool and the hall are available for private events. The hall provides approximately 100 chairs, tables, and a full kitchen.
- **Other Recreation Partners** – RRRPD charges fees to various recreation partners that provide programs available to the public, for example, scuba classes and a separate swim school. The hall is rented for yoga classes, after-school care, cultural gatherings and music events.

RRRPD STAFF

An employment contract with the General Manager was approved by RRRPD at its board meeting in October 2018 and expires October 11, 2020. This is the District's only employment contract.

In addition to the full-time General Manager, RRRPD employs a full-time Accounting and Records Manager and a full-time Program Manager. These positions' benefits include a "defined contribution" retirement plan;¹⁰ therefore there are no unfunded pension liabilities.

RRRPD hires part-time staff, including "graduates" of its swim programs; in 2018 there were 14,759 part-time hours worked. Additional detail about part-time staff positions and other personnel-related costs can be found in APPENDIX C.

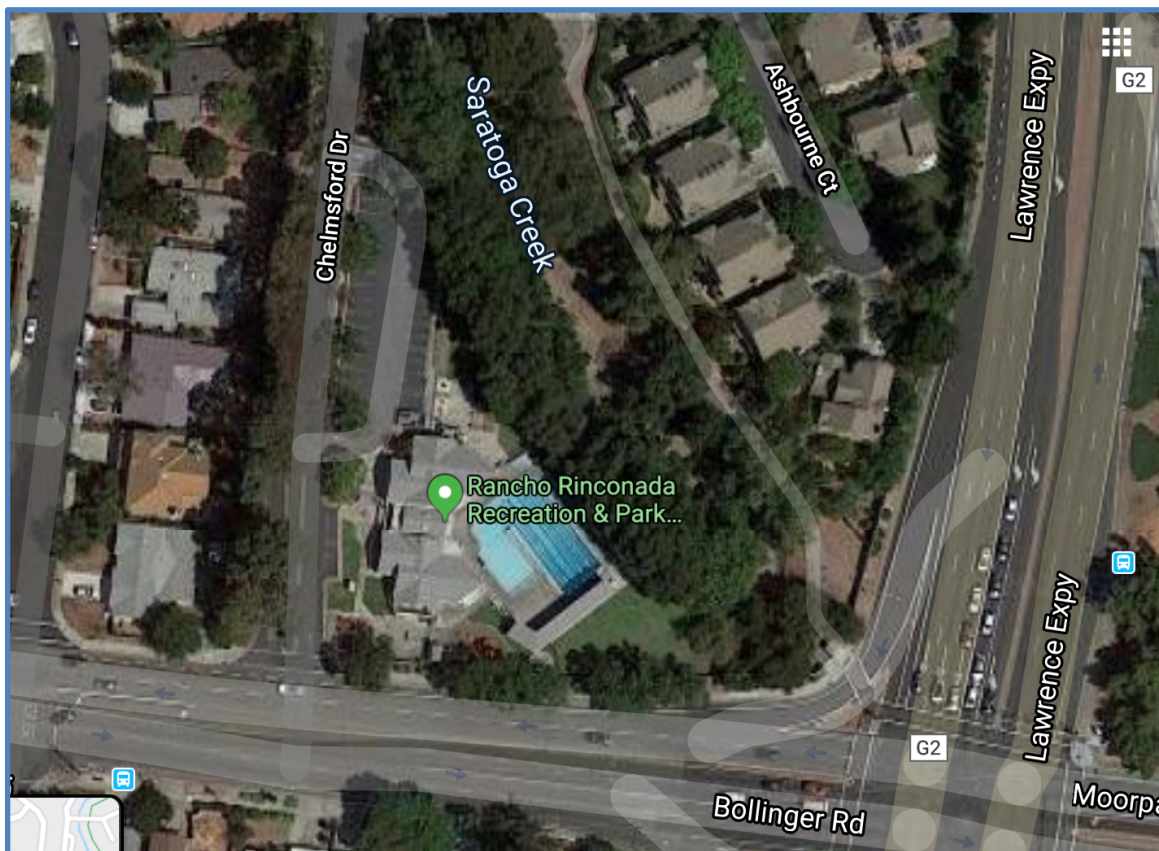
¹⁰ Internal Revenue Code Sec. 457.

RRRPD FACILITIES

The District owns the building and property located at 18000 Chelmsford Drive shown in **FIGURE 2**. The property (assessor parcel number 375-22-104) is near the corner of Bollinger and Lawrence Expressway in Cupertino as shown in **FIGURE 3**. RRRPD also identified a nearby walkway which they believe is RRRPD property, and which is highlighted on the parcel map and recently has been blocked by private fencing. However, the walkway is designated as a public right-of-way and currently believed to be owned by the City of Cupertino.¹¹

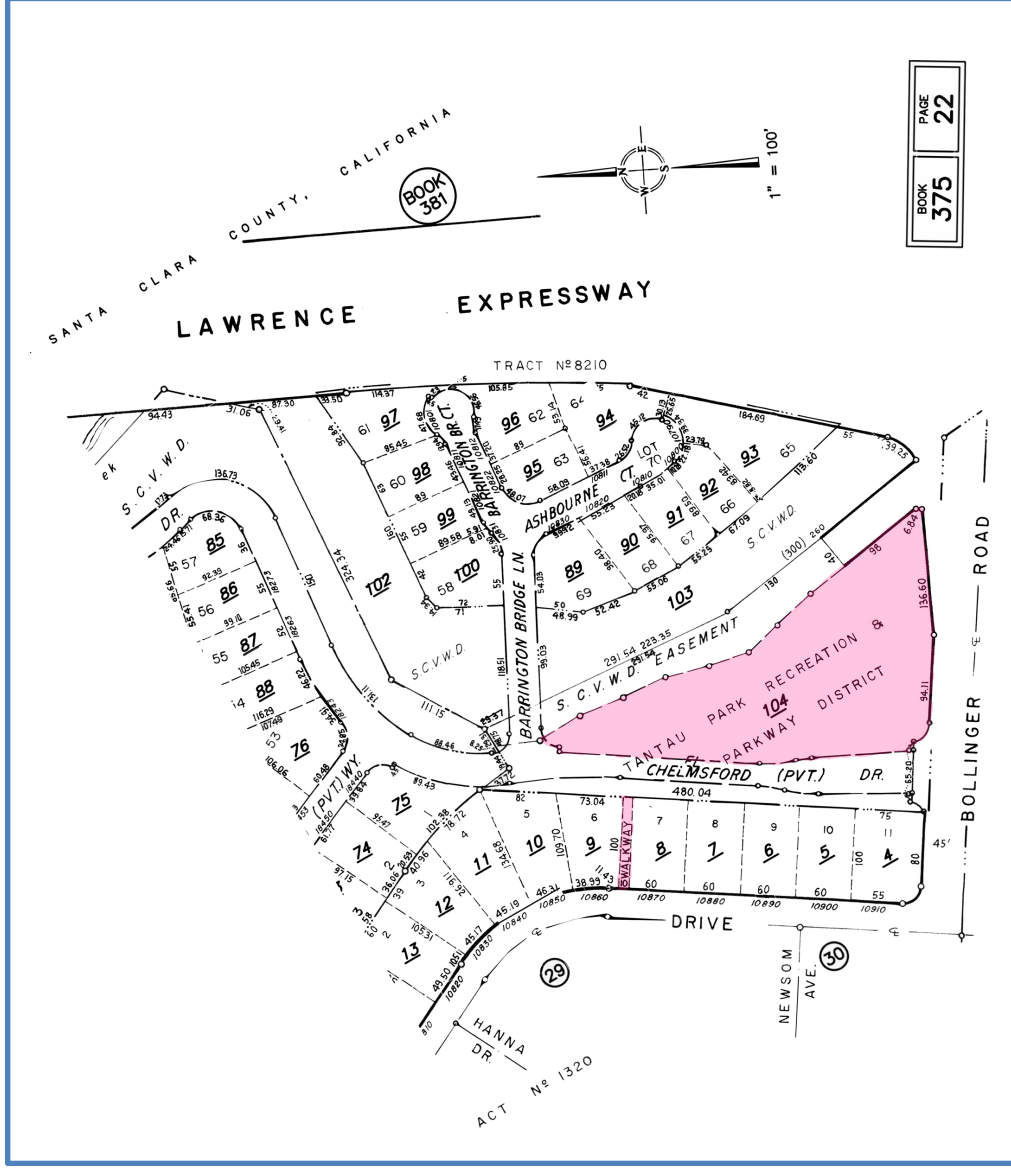
Facilities include a 25-yard pool, playground, barbecue area, and indoor hall. The barbecue and hall are available for rent for special events.

FIGURE 2 AERIAL VIEW OF RRRPD FACILITIES



¹¹ Correspondence from C. Mosley, City of Cupertino, 1/22/2020 per communication with Santa Clara County Assessor's Office staff.

FIGURE 3 COUNTY ASSESSOR PARCEL MAP – RRRPD PROPERTY



Facility Improvements Required

The District has identified a number of improvements required by its facilities:¹²

- Re-painting of the pool fence and interior of the shower room is needed in the near-term. The total cost is expected to not exceed \$10,000.
- The degrading pool deck requires re-surfacing; prior estimates ranged from \$30,000 to \$50,000 depending on materials.
- A new pump and heater will be required within the next five years at a combined cost of approximately \$15,000.
- The bathrooms are roughly 30 years old and need an overhaul in the next five years; no cost estimates are currently available.
- In addition, major upgrades are needed for ADA requirements, family/gender-neutral bathrooms, and user flow improvements; no cost estimates are currently available.

The District anticipates that detailed cost estimates would be prepared, along with a phasing and funding plan, as part of a more detailed Master Plan (and/or Strategic Plan). RRRPD designates reserves for capital improvements, and current unrestricted net position of more than \$1 million appears sufficient to fund currently identified improvements. It is unknown, lacking a plan by the District at this point whether the \$1 million will be sufficient and fully available for capital replacement over the long-term; the District sets aside funds annually toward fully funding replacement of all facilities over their lifespan -- its reserve goal is \$1.4 million.¹³

The City of Cupertino recently inspected the facilities and identified related and additional improvements. A rough estimate of these improvements totaled \$350,000:¹⁴

- Exterior ADA Upgrades (parking spaces and ramp landings) (\$100,000)
- Locker Room Upgrades including ADA Compliance (\$175,000)
- Kitchenette Upgrades - desired (\$40,000)
- Life Safety and Security Systems Compliance (\$35,000)

¹² RRRPD response to 2019-07-25 Data Request.

¹³ Reserve policy adopted Dec., 2016; present reserve goal of \$1.4 million per correspondence with RRRPD, 2019-08-14

¹⁴ City of Cupertino response to 2019-09-06 Data Request.

More detailed cost estimates and timing of improvements would be prepared as part of a Plan for Services if the City seeks to take over RRRPD programs and facilities. It is expected that the District will face these City-identified improvements as well as those that the District has identified; the lists of improvements prepared by the City and RRRPD are overlapping and address similar needs and concerns.

Facility improvements may be needed to accommodate increased community use of the facilities (nature and extent of increased use and corresponding improvements are to be determined by the City in the case of Option 2 and Option 3). This issue would also apply to any expansion of current RRRPD activities.

RRRPD REVENUES AND EXPENDITURES

As shown in **TABLE 2**, RRRPD's FY20 budget (as adjusted for purposes of this report) projects an ending annual net balance of about \$51,000 including depreciation. Eliminating special election costs originally included in the budget produces this annual surplus. Excluding depreciation, a non-cash accounting expense, the net annual balance is \$124,000. This balance would add to reserves for contingencies, planning and capital improvements.

TABLE 2 RRRPD REVENUES AND EXPENDITURES

Item	STATUS QUO RRRPD
REVENUES	
Program Revenues (1)	\$438,500
Property Tax (2)	<u>530,000</u>
Total Revenues	\$968,500
EXPENDITURES	
Administration and Office Expenses (3)	\$77,957
Facilities (4)	
Building/Yard, Pool, Utilities	113,000
Facility Depreciation (5)	<u>73,000</u>
Subtotal, Facilities	186,000
Program Expenses (exc. staff) (6)	26,200
Personnel (7)	626,982
Total Expenditures	\$917,139
ANNUAL SURPLUS OR (SHORTFALL)	\$51,361
Surplus or (shortfall) excluding depreciation	\$124,361

(1) Includes aquatics, rentals, and activities (snack bar, swim camp).

(2) Property tax is the District's share of the basic 1%.

(3) RRRPD "Administration" includes Board & office expenses, insurance and professional services.

Status Quo adds \$20,000 for general election costs instead of RRRPD budget for special election.
RRRPD legal costs reduced vs. FY20 to represent a more typical year.

(4) Facilities include building & yard, pool, and utilities.

(5) Depreciation is a non-cash accounting expense.

(6) Program expenses include advertising, program supplies, & snack bar.

(7) Personnel costs include payroll, taxes & benefits, and related expenses.

1/29/20

REVENUES

Service charges paid by program participants funded approximately 50 percent of FY20 total expenditures. Property tax funds most of the remaining expenditures, supplemented by interest earnings and miscellaneous revenues.

Within the RRRPD area, RRRPD receives 4.61 percent of the increase in Prop. 13 property taxes, which are one percent of assessed value; the City receives 6.17 percent. City allocations outside of RRRPD vary due to differences among taxing entities throughout the City, but typically the City's share is about 6.5 percent and other taxing entities' rates are slightly higher than within RRRPD.

Currently RRRPD charges a non-resident fee for program participants from outside the District, residents account for about 50 percent (or less) of program participation, and average about 20 percent overall. Rates are further detailed in APPENDIX B and on the RRRPD website.

EXPENDITURES

TABLE 2 summarizes District expenditures which are further detailed in **APPENDIX A**. Revenues exceed expenditures, producing a surplus.

Depreciation is a non-cash accounting expense often not shown in a budget. Excluding depreciation from the budget shows a larger cash surplus. However, this increased surplus should be set-aside for capital replacement to effectively offset the effects of depreciating assets. The District's FY20 budget has been adjusted slightly to reflect a typical year, for example, special election costs of \$150,000 were replaced by general election costs of \$20,000.

RRRPD ASSETS, LIABILITIES AND FINANCIAL NET POSITION

RRRPD's financial condition indicates reserves exceeding 100 percent of annual expenditures. A typical minimum standard for operating reserves is about 15-20 percent of expenditures; the balance provides reserves that can fund capital improvements.

ASSETS

Capital assets include land, building and improvements, the pool, furniture and equipment. The historical acquisition value totals \$1.8 million, and its current depreciated value is approximately \$1 million after deducting accumulated depreciation.¹⁵

¹⁵ *ibid*, RRRPD Financial Statements FY18, Note D – Capital Assets.

LIABILITIES

The District has no long-term debt (due beyond one year) or other long-term financial obligations. Current liabilities, due within one year, totaled \$190,000 at the end of FY18.¹⁶ Approximately 75 percent of the current liabilities represent deferred revenue (generally swim lessons/camp reserved in one fiscal year but delivered in the next). These relatively high current liabilities result from a fiscal year cut-off midway into the District's peak season.

FINANCIAL NET POSITION

RRRPD's Net Position is a key indicator of fiscal health. The District's FY18 financial statements show a net position of \$2.0 million including the net value of capital assets; approximately \$1 million of the net position is unrestricted and comprised of cash and current investments.¹⁷

The \$1 million unrestricted net position totaling more than 100 percent of annual operating expenditures, provides for operating and capital reserves. The amount exceeds currently identified capital improvement needs although it has not been entirely designated for that purpose. The unrestricted net position is less than the District's capital reserve goals of \$1.4 million needed to provide for long-term repair and replacement of all capital assets based on estimated life span.¹⁸

A financial statement is typically prepared for RRRPD in the December following the end of the reported fiscal year. As shown in **TABLE 2** above, the District projects a surplus in FY19-20, after eliminating special elections costs from the budget, and unrestricted net position of cash and investments should increase to about \$1.3 million.

¹⁶ *ibid*, RRRPD Financial Statements FY18, Statement of Net Position, pg. 9.

¹⁷ RRRPD Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2018, Statement of Net Position, pg. 9, Fechter & Company CPAs, Dec. 15, 2018.

¹⁸ District Reserve Allocation.

3. GOVERNANCE OPTIONS

This report evaluates governance options for RRRPD. Each option presents a different set of legal and policy choices with implications for finances, management, governance and services.

TABLE 3 summarizes and compares key features of governance options:

- **Option 1: Maintain RRRPD's Current Governance (Status Quo)** – RRRPD remains intact as an independent recreation and park district, and continues to operate and improve its programs, facilities and planning.
- **Option 2: Merger of RRRPD with the City of Cupertino** – RRRPD would be dissolved and its functions, services, assets, and liabilities transferred to the City of Cupertino. The City would integrate RRRPD programs and facility into current City operations and recreation planning. This option assumes that RRRPD's current property tax allocation would be entirely transferred to the City, and that all RRRPD services would be maintained by the City at current levels (or better). To meet the requirement for a merger all RRRPD territory¹⁹ must be contained within the City of Cupertino. The two RRRPD parcels outside the City would need to be detached from RRRPD. Alternatively, the two parcels would need to be detached from San Jose and annexed to the City of Cupertino.
- **Option 3: Reorganize RRRPD as a Subsidiary District to the City of Cupertino** – RRRPD would remain a special district, but the Cupertino City Council would function as its board. All subsidiary district accounts would be held and reported separately from City funds. Legal and financial responsibility would be limited to the subsidiary district. The subsidiary district would continue to receive its current share of property tax and the tax would be restricted to subsidiary district purposes. To meet the requirement²⁰ for reorganizing as a subsidiary district, at least 70% of the RRRPD territory must be located within the City of Cupertino or 70% of the RRRPD registered voters must be within the City of Cupertino.

The LAFCO processes for Options 2 and 3 could be initiated by voter petition, RRRPD (or City) resolution, or by LAFCO. The process is described in **CHAPTER 4** and summarized on **TABLE 5**.

¹⁹ Gov. Code Sec. 57104

²⁰ Gov. Code Sec. 57105

TABLE 3 COMPARISON OF GOVERNANCE OPTIONS

Item	Governance Option		
	OPTION 1 Governance Status Quo (RRRPD)	OPTION 2 RRRPD Merger with City of Cupertino	OPTION 3 RRRPD becomes a Subsidiary District to Cupertino
Reorganization	No reorganization.	RRRPD is dissolved and merged with the City of Cupertino, which assumes responsibility for functions, services, assets, liabilities. RRRPD property tax is included in City General Fund.	RRRPD is reorganized as a subsidiary district of Cupertino. RRRPD property tax is allocated to the subsidiary district. All assets & liabilities remain with subsidiary district, accounted separately from City.
Governance & Representation	No change. RRRPD remains an independent district governed by a 5-member elected/appointed Board of Directors comprised of District residents.	Cupertino City Council responsible for facilities & programs of former RRRPD, in addition to all other City recreation services. The Council is elected by all City voters.	Cupertino City Council serves as board of subsidiary district & is responsible for facilities and programs. The Council is elected by all City voters.
Management & Operation	No change to management of programs and facilities by RRRPD staff.	City staff manage and operate former RRRPD programs & facilities at similar (or improved) levels.	Same as Option 2.
Recreation Programs, Facilities and Plans	No changes currently planned to programs. District management plans to prepare a Strategic/Master Plan to guide facilities upgrades.	No changes currently planned to programs. Facility and programs integrated into City operations, budget, Recreation Master Plan, & CIP.	No changes currently planned to programs. Planning changes same as Option 2.
Costs and Revenues	District's typical budget shows a surplus of \$124,000/yr (before depreciation & election costs). Fund balances total \$1 mill.	City-run programs project a \$131,000/yr surplus from higher participation offset by staff costs. Fund balances of \$1 mill. transfer from RRRPD.	Likely to be similar to Option 2. Subsidiary district accounting, reporting, etc. may add minimal admin. costs. Fund balance remains w/subsidiary dist.
Rates and Charges	No changes currently planned to rate schedules.	No changes currently planned to rate schedules; uniform rate for all City residents.	Rates and charges same as Option 1 unless otherwise changed.
Capital Costs	District policy budgets depreciation (\$73,000/yr) and builds capital reserves for capital repair, replacement & upgrades. Capital priorities, costs & timing not determined, pending Plan.	Preliminary City budget for Rancho Rinconada includes depreciation. City has identified capital requirements and expects to budget annually towards capital needs.	Capital costs same as Option 2.

January 29, 2020

OPTION 1: ADVANTAGES AND DISADVANTAGES OF STATUS QUO

Option 1 maintains RRRPD's current governance (Status Quo). RRRPD remains an independent recreation and park district with an elected / appointed Board of Directors, and continues to operate its programs and facility.

Advantages

- Property taxes collected within the District continue to be spent for recreation services and facilities of the District.
- RRRPD continues to be governed by board of locally-elected and/or appointed District residents.

Disadvantages

- The District could potentially revert to contentious and inefficient board practices.
- Potential future, ongoing election costs, and/or difficulty filling board vacancies.
- Property tax revenues levied within the District continue to be allocated to two recreation service providers within City boundaries (RRRPD and the City) and perpetuates the duplication and inefficiencies of aquatic recreation services and related administration within the Rancho Rinconada area of the City of Cupertino.

This option requires no further action by LAFCO, the City or RRRPD.

OPTION 2: ADVANTAGES AND DISADVANTAGES OF MERGER OF RRRPD WITH THE CITY OF CUPERTINO

Option 2 involves the dissolution of RRRPD and merger with the City of Cupertino. RRRPD would be dissolved and its functions, services, assets, liabilities and property tax transferred to the City of Cupertino. This option assumes that RRRPD's current property tax allocation would be entirely transferred to the City, and that all RRRPD services would be maintained at current levels (or better) by the City. The City would integrate RRRPD programs and facilities into current City operations and recreation planning. The City does not anticipate significant

transition costs;²¹ hiring of current RRRPD staff, which has not yet been decided by the City, could assist with a smooth transition.

Cupertino's FY19 General Fund budget allocates about \$8.6 million to Park and Recreation, or about 11 percent of the total General Fund budget; this is about \$136 per City resident, and funds a broad range of parks and recreation programs. By comparison, RRRPD provides aquatic programs and facility and the total budget for its aquatic program and facility is approximately \$243 per RRRPD resident; as part of the City, the RRRPD budget would add about \$15 per City resident, an increase of about eleven percent per City resident for parks and recreation.

The City of Cupertino's aquatic program currently operates at Black Berry Farm but is restricted to operating 100 days each year. Use of the RRRPD would allow for year-round programming. The swim lesson programs at RRRPD are very similar to the current City programs, although RRRPD focuses more on individual rather than group lessons. The City charges fees similar to RRRPD.²²

Capital improvements to the facilities will be required for all options, utilizing current RRRPD reserves and future additional reserves. It is unknown whether and to what extent the City would contribute additional City funds.

Programming, staff needs, capital planning, and other issues influencing City operations of RRRPD programs and facilities would be delineated as part of a Plan for Services that would be required by LAFCO as part of a City application for RRRPD merger.

Advantages

- Eliminates the duplication of aquatic recreation services and administration by two separate agencies within the Rancho Rinconada area of the City boundaries. This would dissolve one layer of government and reduce public confusion about governance responsibility for aquatic recreation services.
- No board member election costs (other than current and ongoing City council election costs) or potential difficulty filling board positions.

²¹ City of Cupertino response to 2019-09-06 Data Request.

²² City of Cupertino response to 2019-09-06 Data Request.

- Reduces the possibility of the current District reverting to contentious and inefficient board practices.
- Programs and facilities of the former RRRPD would be publicized and available to all residents citywide at the same cost.
- The higher rates currently paid by non-residents of RRRPD would be revised and replaced by a uniform rate structure for all City residents (higher non-City resident rates may still apply).
- One entity, the City, would be responsible for planning, financing, and providing park and recreation services within the City of Cupertino.
- The City could expand its current seasonal swim program to a year-round program.
- Long-term planning for programs and facilities, including the former RRRPD facility, would be coordinated and integrated into current ongoing Citywide budget, CIP and recreation master planning.
- The management of recreation service delivery to the residents of the District would benefit from the more extensive management and supervisory structure of the City's Council, Parks and Recreation Department and other City departments (e.g., finance, public works).

Disadvantages

- Governance by the City Council would reduce representation of RRRPD voters regarding current RRRPD recreation affairs proportionate to all current City governance, facilities and services provided to RRRPD residents.
- Property tax revenue the City receives as a result of the dissolution and merger with the City would go into the City's general fund and could possibly divert current funding from programs and facilities of the former RRRPD.
- City operation currently is estimated to result in positive surpluses similar to a typical RRRPD budget, as shown in **TABLE 4**. The difference is not deemed to be significant in the context of the budget forecasts and future policy and operational decisions that will be made by the City and RRRPD.

This option could be initiated by petition, resolution by an affected agency, or resolution by LAFCO. The process is further described in **CHAPTER 4** and summarized on **TABLE 5**.



TABLE 4 RRRPD BUDGET VS. CITY OPTIONS 2 AND 3

Item	STATUS QUO RRRPD	OPTIONS 2 & 3 City
REVENUES		
Program Revenues (1)	\$438,500	\$460,400
Property Tax (2)	<u>530,000</u>	<u>530,000</u>
Total Revenues	\$968,500	\$990,400
EXPENDITURES		
Administration and Office Expenses (3)	\$77,957	\$31,957
Facilities (4)		
Building/Yard, Pool, Utilities	113,000	99,000
Facility Depreciation (5)	<u>73,000</u>	<u>73,000</u>
Subtotal, Facilities	186,000	172,000
Program Expenses (exc. staff) (6)	26,200	26,200
Personnel (7)	626,982	702,657
Total Expenditures	\$917,139	\$932,814
ANNUAL SURPLUS OR (SHORTFALL)	\$51,361	\$57,586
Surplus or (shortfall) excluding depreciation	\$124,361	\$130,586

(1) Includes aquatics, rentals, and activities (snack bar, swim camp).

City estimates a 5% potential program revenue increase due to increased publicity Citywide.

(2) Property tax is the District's share of the basic 1%.

Options 2 and 3 assume the same amount is transferred to City (or subsidiary dist.)

(3) RRRPD "Administration" includes Board & office expenses, insurance and professional services.

Status Quo adds \$20,000 for general election costs instead of RRRPD budget for special election.

RRRPD legal costs reduced vs. FY20 to represent a more typical year.

City admin. costs exclude board expense, and accounting/legal (handled by existing City staff).

(4) Facilities include building & yard, pool, and utilities.

RRRPD "Outside Services" assumed handled by additional City cost equal to 50% of RRRPD cost.

(5) Depreciation is a non-cash accounting expense.

(6) Program expenses include advertising, program supplies, & snack bar.

(7) Personnel costs include payroll, taxes & benefits, and related expenses.

1/29/20

OPTION 3: ADVANTAGES AND DISADVANTAGES OF A SUBSIDIARY DISTRICT

Option 3 would reorganize RRRPD as a subsidiary district to the City of Cupertino. RRRPD would become a City-dependent subsidiary district, and the City Council would serve as its board. As required by law, "...The district shall continue in existence with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district."²³

All subsidiary district accounts would be held and reported separately from City funds. Legal and financial responsibility would be limited to the subsidiary district. The subsidiary district would continue to receive its current share of property tax to be used for district purposes.

Programming, staff needs, capital planning, and other issues influencing City operations of RRRPD programs and facilities would be delineated as part of a Plan for Services that would be required by LAFCO as part of a City application for reorganization of RRRPD as a subsidiary district to the City.

Advantages

- RRRPD's current property tax revenue would continue to be allocated to the subsidiary district for programs and facilities of the former RRRPD, unlike the potential for a reduction or City re-allocation that could occur with Option 2. The City could contribute additional funding if desired.
- Eliminates the duplication of aquatic recreation services and administration by two separate agencies within the Rancho Rinconada area of the City boundaries. This would eliminate one elected board and reduce public confusion about governance responsibility for aquatic recreation services.
- No board member election costs (other than current and ongoing City council election costs) or potential difficulty filling board positions.
- Reduces the possibility of the current District reverting to contentious and inefficient board practices.
- Programs and facilities of the former RRRPD would be publicized and available to all residents citywide; it is assumed that the current RRRPD rate structure would continue

²³ Gov. Code Sec. 57534.

to apply higher rates for non-RRRPD residents, however, the schedule could be changed by the subsidiary district.

- One entity, the City, would be responsible for planning for, financing, and providing park and recreation services within the City of Cupertino.
- The City could expand its current seasonal swim program to a year-round program.
- Long-term planning for programs and facilities, including the former RRRPD facility, would be coordinated and integrated into current ongoing Citywide budget, CIP and recreation master planning.
- The management of recreation service delivery to the residents of the District would benefit from the more extensive management and supervisory structure of the City's Council, Parks and Recreation Department and other City departments (e.g., finance, public works).

Disadvantages

- Restricting RRRPD's property tax revenue to the subsidiary district could reduce the City's flexibility in managing and funding its programs for all City residents.
- Governance by the City Council would reduce representation of RRRPD voters regarding current RRRPD recreation affairs proportionate to all current City governance, facilities and services provided to RRRPD residents.
- City operation currently is estimated to result in positive surpluses similar to a typical RRRPD budget, as shown in **TABLE 4**. The difference is not deemed to be significant in the context of the budget forecasts and future policy and operational decisions that will be made by the City and RRRPD.

This option could be initiated by petition, resolution by an affected agency, or resolution by LAFCO. The process is further described in **CHAPTER 4** and summarized on **TABLE 5**.

4. LAFCO PROCESS

Option 1, the Status Quo, requires no further action by LAFCO, the City or RRRPD.

The LAFCO processes for Options 2 and 3 are similar and could be initiated by voter petition, RRRPD (or City) resolution, or by LAFCO. **TABLE 5** summarizes the process for the two reorganization options. In the event of a City resolution, LAFCO will require preparation of a Plan for Services that will describe in detail the City's proposed plans, programs, capital improvements, staffing, costs and revenues for management of RRRPD programs and facilities.

FINDINGS REQUIRED FOR LAFCO-INITIATED REORGANIZATION

Following are determinations required if LAFCO is to initiate a reorganization.²⁴

(1) Public service costs of the proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service.

The surplus estimated for Option 2 and Option 3 is substantially similar to the Status Quo surplus, and the difference is less than one percent of total revenues. The minimal difference is not significant due to policy and program differences and future uncertainty in the context of budget forecasts. Therefore LAFCO could meet this determination in order to initiate a reorganization.

(2) The proposal promotes public access and accountability for community services needs and financial resources.

RRRPD holds regular, noticed meetings and periodic open houses and provides a website with comprehensive information about the District, its financial documents, and other public information; however, RRRPD has faced criticism for a lack of public outreach and public awareness of the District, board dysfunction, and lack of a quorum during a portion of 2019. Currently the District has adequate liquidity and fund balances; however, as noted above, the District lacks a facilities master plan/strategic plan to guide future capital improvements.

²⁴ Gov. Code Sec. 56375(a)(2)(C/D) and 56881(b)

Option 2 and Option 3 would increase public access by expanding oversight, management, publicity and program coordination Citywide; plans and programs would be integrated into Citywide planning.

A change in oversight from RRRPD to the City council would reduce current RRRPD representation from the point of view of RRRPD residents to the level of all other City services, and would increase representation of all City residents. Currently about 20 percent of RRRPD use is attributable to RRRPD residents, although this overall average varies by program and reaches 50 percent or more for certain programs.

A reorganization would reduce the possibility of future RRRPD board conflict similar to what the District experienced in recent years.

LAFCO TERMS AND CONDITIONS

Any reorganization may be made subject to one or more terms and conditions in LAFCO's resolution of approval.²⁵ Potential terms may include one or more of the following; the terms are likely to evolve as reorganization proposals are better defined and reviewed by LAFCO.

- **Property** – This study assumes that all property owned by RRRPD would be transferred to the City in the case of an RRRPD dissolution/merger with City, or retained by the subsidiary district in Option 3. Further review is required to clarify rights and obligations of RRRPD with respect to use of private streets fronting the RRRPD facility, and an access easement for a walkway across from the RRRPD facility (access is currently blocked by a property owner).
- **Funds** – Option 2 includes the transfer of all RRRPD liabilities and assets, including fund balances and cash assets to the City following dissolution of RRRPD. The government code indicates that “...So far as may be practicable, as determined by the city council, any of these funds, money, or property shall be used for the benefit of the lands, inhabitants, and taxpayers within the territory of the merged district.”²⁶

In the case of Option 3, all assets and liabilities would remain with the subsidiary district, pursuant to State law, which states “...The district shall continue in existence with all of the powers, rights, duties, obligations, and functions provided for by the principal act,

²⁵ Gov. Code Sec. 56886.

²⁶ Gov. Code Sec. 57533.

except for any provisions relating to the selection or removal of the members of the board of directors of the district.”²⁷

- **Employee benefits and rights** – A reorganization proposal will need to recognize and address any RRRPD employee contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights; for example, accrued but unpaid vacation and holiday time would need to be paid to terminated employees. Current full-time employees benefit from a defined Sec. 457 contribution plan; employees do not belong to a defined benefit retirement system managed by CalPERS (or other entity) and therefore RRRPD has no unfunded pension liabilities.
- **Effective date** – LAFCO will need to specify an “effective date” at which time any and all changes will be effective.
- **Service continuation** – LAFCO may require, in the event of a reorganization, that the City must continue to provide programs and facilities substantially comparable to current RRRPD programs.

The City may choose to employ former RRRPD staff, which would also facilitate transition from the District to the City and continue programs without interruption.

- **RRRPD parcels outside City boundary** -- Currently two parcels that are within RRRPD are outside the City’s boundary; the City is negotiating with the County to purchase the parcels and then could detach from San Jose and annex them to the City, or the parcels must be detached from RRRPD for Option 2 since all merged RRRPD territory must be within City boundaries. Creation of a subsidiary district per Option 3 allows a portion of the subsidiary district to exist outside City boundaries.²⁸

²⁷ Gov. Code Sec. 57534.

²⁸ Gov. Code Sec. 57105.

TABLE 5 SUMMARY OF LAFCO PROCEEDINGS FOR REORGANIZATION PROCESS

Item	Governance Options	
	OPTION 2 RRRPD Merger with City of Cupertino	OPTION 3 RRRPD becomes a Subsidiary District to Cupertino
1. Initiation of Proposal	Proposal shall contain a description of changes, proposed terms and conditions, boundaries and map of affected territory, and other items (Sec. 56700).	Same as Option 2.
Petition	Signed by 5% of registered voters of RRRPD OR 5% of City voters outside the district (GC §56866).	Same as Option 2.
Resolution by Affected Agency Sec. 56654	RRRPD or the City may adopt a resolution to initiate the proposal, and provide notice to LAFCO and each interested and subject agency 21 days before adoption. Must contain a plan for services per §56653.	Same as Option 2.
Resolution by LAFCO Sec. 56375(a)(2) & §56881	LAFCO may initiate only if consistent with a LAFCO study / service review / sphere of influence review and LAFCO finds: 1) Costs are substantially similar or less than alternatives; 2) The change promotes public access and accountability for services and financial resources.	Same as Option 2.
2. Processing of the Application (non-LAFCO initiated)	Upon receipt of application, LAFCO provides mailed notice to each affected agency, and within 30 days determines if application is complete (Sec. 56658).	Within 10 days of proposal receipt, LAFCO notifies affected district. Within 35 days of receiving notice district may adopt and file with LAFCO 1) resolution consenting; OR 2) resolution of intent to file an alternative proposal (Sec. 56861).
Property Tax Transfer	City Council and BoS adopt resolutions of property tax transfer per Rev. & Tax Code Sec. §99(b).	N/A
Certificate of Filing Sec. 56658	A certificate of filing is issued when application is deemed complete, and no sooner than 20 days after mailing notice.	If district files intention to adopt an alternative proposal, LAFCO takes no action for 70 days to allow district to submit a complete alternative proposal (Sec. 56862).
Hearing & Notification Sec. 56658 and 56660 and 56665	LAFCO sets hearing within 90 days after Certificate issued, or application accepted. Notice posted at least 21 days prior, and report distributed 5 days prior to hearing.	Same as Option 2. LAFCO analyzes and reports on original proposal and alternative at the same hearing.

TABLE 5 SUMMARY OF LAFCO PROCEEDINGS FOR REORGANIZATION PROCESS (cont'd)

Item	Governance Options	
	OPTION 2 RRRPD Merger with City of Cupertino	OPTION 3 RRRPD becomes a Subsidiary District to Cupertino
Adoption of Resolution Sec. 56880 et seq.	No later than 35 days after hearing, LAFCO adopts resolution to approve/disapprove, including any terms and conditions (Sec. 56886) or alternatives. Note: LAFCO may not order a merger without City consent (Sec. 57107c).	No later than 35 days after hearing, LAFCO adopts resolution denying both proposals, or approving one (Sec. 56863). Note: LAFCO may not order establishment of subsidiary district without City consent (Sec. 57107c).
Protest Hearing Sec. 57002	Within 35 days of resolution, LAFCO sets date and provides notice for protest hearing that must be held between 21 and 60 days after notice is given.	Upon request of district, the protest hearing shall be at least 90 days but no more than 135 days from date notice is given
Protest Thresholds	LAFCO approves reorganization subject to confirmation of voters in an election (§57107) if proposal was initiated by petition or resolution and (1) RRRPD has not objected to proposal by resolution and at least 25% of # of landowners within affected territory who own at least 25% of assessed value of land within the territory OR at least 25% of voters within the affected territory submit written protest or (2) RRRPD has objected to proposal by resolution and at least 25% of # of landowners within any subject agency within the affected territory who own at least 25% of the assessed value of land within the territory OR at least 25% of voters within any subject agency within the affected territory submit written protest. If proposal was initiated by LAFCO, order a merger or establishment of subsidiary district subject to confirmation of voters in an election if written protest is submitted by at least 10% of # of landowners within the affected territory who own 10% assessed value of land within the territory OR at least 10% of the voters within the territory. Otherwise no election is required.	Same as Option 2.
Election	Prior to conclusion of protest hearing, a petition to request election signed by at least 10% of registered voters in RRRPD may be filed with LAFCO (§57108). LAFCO will review for sufficiency and forward to City and City must call, hold and conduct election on question of a merger or establishment of subsidiary district only within RRRPD.	Same as Option 2.
Certificate of Completion Sec. 57001 & 57200 et seq.	LAFCO files Certificate of Completion within one year after resolution. of approval (or within 90 days after election if required as a result of Protest Hearing).	Same as Option 2.
Note: this table summarizes key provisions to provide general overview only; the reader should consult codes for specific language and requirements which may not be detailed in this table. Code Sections refer to the Government Code unless otherwise indicated.		
		January 29, 2020

APPENDIX A

DETAILED BUDGET ESTIMATES

Table A-1
RRRPD Budget vs. City Option - Detail with Comments

Item	RRRPD Estimated	City Options FY19-20	Comments
REVENUES			
<u>Aquatics</u>			
Public Swim			
Pool Passes	7,000		
Punch Passes	6,000		
Day Passes	<u>26,000</u>		
Subtotal, Public Swim Revenues	39,000		
Swim Lessons	222,000		
SwimTeam	<u>71,000</u>		
Subtotal, Other Aquatics Revenues	293,000		
Subtotal, Aquatics Revenues	332,000		
<u>Rentals</u>			
Pool Rental	27,500		
BBQ Rental	3,000		
Hall Rental	<u>33,000</u>		
Subtotal, Rentals Revenues	63,500		
<u>Activities</u>			
Snack Bar	3,000		
Swim Camp	<u>40,000</u>		
Subtotal, Activities Revenues	43,000		
Subtotal, Operating Revenues	438,500	460,400	City estimates 5% revenue increase from Citywide publicity.
<u>Property Taxes</u>			
Subtotal, Property Taxes	530,000	530,000	
TOTAL REVENUES	968,500	990,400	

Table A-1

RRRPD Budget vs. City Option - Detail with Comments

Item	RRRPD Estimated	City Options FY19-20	Comments
EXPENDITURES			
<u>Administration</u>			
Board Expense			
Stipends	6,000		
Other Board Expenses	1,500		
Elections	<u>20,000</u>	<u>0</u>	RRRPD adopted budget included \$150,000 but there will be no special election; est'd
Subtotal, Board Expense	27,500	0	City option assumes no Board expenses (BA est.)
Office Expense			
Liability Insurance	15,000	15,000	City may be able to obtain lower cost by including in current policies.
Directors & Officers Insurance	inc. above	0	
Bank Service Charges	375	375	
Computer Expenses	3,500	3,500	
Dues, Fees and Subscriptions	7,000	0	City already subscribes (or not req'd).
Postage and Delivery	250	250	
Security System	132	132	
Supplies	1,000	1,000	
Telephone/Internet	<u>1,700</u>	<u>1,700</u>	
Subtotal, Office Expense	28,957	21,957	
Professional Fees			
County Administrative Fees	5,000	5,000	City will still pay County for tax collection charges (BA est.)
Audit	10,000	5,000	City will integrate accounting into existing CAFR (50% savings, BA est.)
Accounting	3,500	0	City will use existing City accounting (after setup & transition) (BA est.)
Legal Fees (BA adjusted for typical yr)	3,000	0	City will use current City attorney (City est.)
Consulting/Outside Services	<u>0</u>	<u>0</u>	
Subtotal, Professional Fees	21,500	10,000	
Subtotal, Administration	77,957	31,957	

Table A-1
RRRPD Budget vs. City Option - Detail with Comments

Item	RRRPD Estimated	City Options FY19-20	Comments
Facility			Capital costs separate; City estimates \$50,000/yr.
<u>Building and Yard</u>			See "Personnel" for building and grounds maintenance staff costs.
Maintenance & Repair	2,500	2,500	
Supplies	2,500	2,500	
Outside Services	<u>28,000</u>	<u>14,000</u>	Includes parts. City staff provides portion of this item? (see "personnel-maintenance").
Subtotal, Building and Yard	33,000	19,000	
 <u>Pool</u>			City "Pool" costs assumed comparable to RRRPD costs.
Pool Chlorine & CO2	12,000	12,000	
Pool Maintenance & Supplies	<u>15,000</u>	<u>15,000</u>	
Subtotal, Pool	27,000	27,000	
 <u>Utilities</u>			City "Utility" costs assumed comparable to RRRPD costs.
Gas and Electric	36,500	36,500	
Water	13,500	13,500	
Garbage	<u>3,000</u>	<u>3,000</u>	
Subtotal, Utilities	53,000	53,000	
 Depreciation			"Depreciation" is a non-cash accounting expense.
Subtotal, Depreciation	73,000	73,000	
 Subtotal, Facility	186,000	172,000	
Subtotal, Facility (net of depreciation)	113,000	99,000	
 Programs			
Advertising	10,000	10,000	Correspondence with City 1/9/20.
Program Supplies & Related	14,500	14,500	
Snack Bar Expenses	<u>1,700</u>	<u>1,700</u>	
Subtotal, Programs	26,200	26,200	Correspondence with City 1/9/20.

Table A-1
RRRPD Budget vs. City Option - Detail with Comments

Item	RRRPD Estimated	City Options FY19-20	Comments
Personnel			
<u>Full-time Personnel</u>			
General Manager	104,700	172,362	City Costs include full-time General Manager (no program manager).
Accounting & Records Manager	66,200		City's costs included in payroll services below. Not a separate full time position.
Program Manager	57,800		City Costs include full-time General Manager (no program manager).
Building Maintenance		117,109	City Costs include - Full-time building maintenance position with benefits. Includes health benefits, retirement cost, FICA, and Workers Comp), assumed similar ratio for RRRPD (from RRRPD response) and City. City benefits and costs may be greater than RRRPD. City Positions costs include benefits.
Full-time, Taxes and Benefits	<u>37,800</u>	<u>0</u>	16.5%
Subtotal, Full-Time	266,500	289,471	
<u>Part-time Personnel</u>			
Maintenance			
Building Maintenance	26,000		RRRPD cost estimate assumes 1/2 time, \$25/hour; City cost included under "Full-time Personnel"
Grounds Maintenance		23,422	RRRPD Grounds Maint. cost in "Outside Services" (\$30,000); City Cost includes part-time grounds maintenance with benefits
Maintenance Staff, Taxes and Benefits	<u>5,824</u>		RRRPD estimates assumes 22.4% taxes and benefits (approximate ratio shown in response to data request). City benefits and costs may be greater than RRRPD. City positions costs include benefits.
Subtotal, Maint. (inc. taxes/benefits)	31,824	23,422	

Table A-1
RRRPD Budget vs. City Option - Detail with Comments

Item	RRRPD Estimated	City Options FY19-20	Comments
<u>Program Staff</u>			
Program Staff Pay	257,400	340,453	RRRPD Regular pay (RRRPD response to data request); City cost Includes salary only. Benefits included below.
Program Staff, Taxes and Benefits	<u>57,658</u>	<u>20,711</u>	22.4% Includes OT, health benefits, FICA, and Workers Comp), assumed similar ratio for RRRPD and City. No retirement benefits are included in total.
Subtotal, Program Staff	315,058	361,164	
<u>Other Personnel Costs</u>			
Payroll Tax Expense			see staff categories above for est'd allocations of taxes & benefits.
Health Benefits	see above	see above	
Retirement Benefits	see above	see above	
Insurance - Worker's Comp	see above	see above	
Mileage Reimbursement	600	600	
Staff Development	5,000	5,000	
Education and Seminars	3,000	3,000	
Payroll Service	<u>5,000</u>	<u>20,000</u>	City's Accounting and Records management is part of the City's Cost Allocation Plan. This is not a separate full-time City position.
Subtotal, Other Personnel Costs	13,600	28,600	
Subtotal, Personnel	626,982	702,657	
TOTAL EXPENDITURES (before CIP or reser)	917,139	932,814	
(less) Depreciation (non-cash expense)	(73,000)	(73,000)	
TOTAL EXPENDITURES (net of deprecia	844,139	859,814	
ANNUAL SURPLUS	51,361	57,586	
Annual Surplus (excluding depreciation)	124,361	130,586	

1/29/20

APPENDIX B

RRRPD PROGRAMS AND PRICING

6) Programs Description, participants, hours, etc.

Swim Lessons

Program Summary

The most popular program at Rancho Rinconada is private swim lessons. The 1:1 instructor to student ratio is an effective teaching method which allows for the best progress for a wide variety of students. The downside is that private lessons are both labor and administratively intensive when compared to group lessons.

Each lesson is 25 minutes long and consists of a brief warm-up, lesson time, brief play time (where appropriate), and a check-in with parents after the lesson ends. In some cases, advanced students take back to back lessons effectively creating a 50-minute lesson. The lessons come in two-week blocks called sessions.

The number of lessons per session varies between two to eight depending on the season. During the summer, the weekday sessions have eight lessons while the weekend sessions have four lessons. The off-season lessons are more flexible with as little as two lessons per session. Typically, the off-season patrons opt for one, two, or three lessons per week (2, 4, or 6 lessons per session respectively).

There are roughly 8,450 lessons delivered annually with the majority clustered in the summer months. The typical age for students is between 3 and 13 years old, however, adults and students with special needs are not uncommon.

Program Details

The swim lesson program has three distinct seasons (spring, summer, and fall) and one sub-program (precomp). Spring and fall are functionally identical but with lower demand in the spring. The pricing per lesson is identical but the hours, lesson time, participant demographics, and number of lessons are different.

Season	Lesson format	Lessons per week	Total Lessons (#)	Lesson Time (minutes)	Price per lesson (\$)	Session Price (\$)
Off-season	once per week	1	2	25	30/25	60/50
Off-season	twice per week	2	4	25	30/25	120/100
Off-season	three per week	3	6	25	30/25	180/150
Summer	Weekday	4	8	25	30/25	240/200
Summer	Weekend	2	4	25	30/25	120/100
Summer	Precomp	4	8	50	30/25	240/200

*Pricing is shown as non-resident/resident

The availability of lessons is based almost exclusively on the number of instructor with available hours. Demand is nearly limitless with the exception of early spring, late fall, and summer morning hours.

Initial Data Request 2019-07-25

Rancho Rinconada Recreation and Park District

Off-season Swim Lessons

Spring - Mid-March through early June

Fall - Mid to late August through October

3:30 pm to 7:00 pm on weekdays

10:00 am to 12:00 pm on weekends

In the off-season, swimmers can select the day, instructor, and time of their choice. In addition, the minimum number of lessons per session is reduced to two (one lesson per week). This allows for flexibility for busy schedules. Typically, swimmers will select between one to three days per week. The minimum age is 5 years old and there is no maximum.

There are between 0 and 11 instructors available at any one time and lessons begin every half hour. A deck supervisor will generally be assigned when there are more than 5 instructors in the water. In 2018, 1174 spring lessons and 1366 fall lessons were delivered.

Summer hours

Early June through mid-August

9:00 am to 12:00 pm Monday through Thursday

3:00 pm to 8:00 pm Monday through Thursday

9:00 am to 12:00 pm Saturday & Sunday (most but not all weekends)

In the summer, swimmers do not directly select their instructors as it would be administratively burdensome to do so. Instead, the scheduler matches students and instructors based on their profiles and requests. The minimum age is 3 years old and there is no maximum.

There are typically between 9 to 12 instructors on weekends, 10 to 12 on weekday evenings, and roughly 4 to 9 on weekday mornings. As a result, a deck supervisor is always assigned. In 2018, there were 5918 summer lessons delivered.

Precompetitive Swim Training

Aligned with summer weekday sessions and created on an as-needed basis in the off-season

7 to 8 pm Monday through Thursday

Precompetitive Swim Training (precomp) bridges the gap between a 25-minute private lesson and the endurance heavy 1-hour competitive swim team practices. Precomp is 50 minutes long and uses a small group format with a ratio of between 2 and 4 students per instructor.

Roughly half the time is used for advanced racing techniques and terminology that is unnecessary for recreational swimmers (pulldowns, backstroke flip turns, finger drags, racing dives, IM order, introduction to swim sets, etc.). The other half of the time is used for endurance training that will be essential for competitive swim practice.

Youth Swim Team

Program Summary

The Rancho Youth Swim Team provides a competitive outlet for swim lesson students looking to go to the next level. Training is 1 hour long and is run by two swim team coaches. Certain swimmers push their limits and swim for 2 hours. The participants are grouped into lanes with similar swim ability.

The minimum requirements to join the youth swim team are as follows: swim 50 yards of freestyle, backstroke, breaststroke, butterfly, a dive, a flip turn, and be under 18. Completing at least one session of precomp is recommended. Due to the high requirements, the swimmers are mostly between 8 to 14 years of age. The Swim Team serves as an important source of new qualified employees for the District.

More recently, the Rancho Swim Team has begun to move beyond the cabana club leagues to participate in the national organization USA Swimming. Within the last year, several members of the swim team have qualified for, and competed in, the Junior Olympics and the more prestigious Far Western Championships.

Program Details

As with many of the programs at Rancho, the Swim Team is year-round. The program swells in the summer and fall before dropping to an all-time low in the spring.

Pricing

\$100 per month, \$90 for the second sibling, \$80 for the third sibling

\$75 annual registration fee

Off-season Hours

4 pm to 7 pm Monday through Friday

Summer Hours

9 am to 11 am Monday through Thursday

4 pm to 8 pm Monday through Friday

Public Swim

Program Summary

Public Swim is the second most popular program at Rancho Rinconada. This program is notable as most pools require a membership for entry. In Cupertino, BlackBerry Farm is the only one available and it is only open for 100 days per year.

There are at least 8,781 public swim entries annually and could be significantly higher. An exact count is made difficult by the prepaid passes and folks who swim twice per day in the summer. The public swim program is remarkably popular but is also very heavily subsidized by other programs.

Program Details

Public Swim

May through mid-June, mid-August through September

Saturday & Sunday 12 to 3 pm

Mid-June through Mid-August

Weekdays 12 to 3 pm

Weekends 12 to 6 pm

Type of Entry	Non-Resident	Special
Day pass (4+ years old)	6	4
10 passes	54	36
Family pass (up to 4)	250	200
Add 1 to family pass	25	25
Group rate (10+)	4	4

The main public swim program has single lap lane open for exercise swimming, a 9.5 ft deep end for diving, and a shallow end appropriate for weak or non-swimmers. The visitor demographics is families with young children and children attending with summer camps.

The program is split between recreational swim where all swimmers are welcome and adult swim where only adults and adults with infants are allowed. The recreational swimming portion is the first 45 minutes of every hour while adult swim is the last 15 minutes of every hour.

The ratio of swimmers to lifeguards is as follows:

On-Duty Lifeguards	Total Lifeguards	Maximum Swimmers
1	2	20
2	3	50
3	4	75
4	5	100

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One lifeguard is always kept on reserve in order to treat any injuries (usually bee stings, nose bleeds, or a minor scrape), answer questions, or to assist on-duty lifeguards (typically to bring water if needed).

The main program is supplemented by two dependent programs (snack bar and BBQ rentals) and a separate sub-program (lap swim). These will be discussed in more detail in the following section.

BBQ pool party rental

The hours are concurrent to public swim

\$75 for 3-hour rental

\$120 for 6-hour rental

\$4 per swimmer up to 25 swimmers

The BBQ rental is a space adjacent to the pool. It has its own private gate to both the parking lot and to the pool. It is suitable for parties between 15 and 40 people. The rental is allowed to have as many as 25 swimmers. It comes with a canopy, a BBQ grill, and three picnic tables.

Snack Bar

Open during adult swim (excludes first and last hour)

\$1 per item

During adult swim, typically only one lifeguard is needed. This frees up the other lifeguards to operate the snack bar. The snack bar is meant to be a convenience hence all snacks are priced at \$1. The food is prepackaged which eliminates handling and preparation. This is one of the amenities that is mentioned often by patrons.

Adult Lap Swim

Weekdays 7:00 am to 9:00 am year-round

Type of Entry	Non-Resident	Special
Day pass (4+ years old)	6	4
10 passes	54	36
3 month pass	125	100

Lap swim is a year-round program dedicated to exercise swimming for individuals 15 and up. This program is particularly important for adults with health issues that prevent non-aquatic exercise (arthritis, back issues, etc.).

Lap swimmers tend to skew older than the public swimmers. These swimmers tend to be working professionals between the late 30s to early seventies.

Swim Camp

Program Summary

The swim camp is the newest program at Rancho Rinconada. The idea was first presented to the Board of Directors in late 2017 and was rolled out in 2018. As with many new programs, the camp struggled to break even in its first year. At the end of the season, the Board of Directors approved a host of recommended program improvements. The camp, now in its second year, is operating at full capacity with a wait list and has a positive net revenue. In terms of search results, the swim camp is the third most popular program at Rancho Rinconada.

The swim camp is a full day program with extended care option. Parents can register children from kindergarten through 5th grade on a weekly basis. The swim camp focuses much more on recreation, cooperation, swimming, and fun!

As the name suggests, swimming is a big part of the camp. Each week of camp includes four group swim lessons (maximum of 1:3 instructor to student ratio) and supervised recreational swim times every day. When the campers aren't swimming, there is a variety of daily activities. For example, art projects, making slime, or balloon racing. There is also a field trip to Sterling-Barnhart Park on Fridays.

Program Details

Pricing

\$300 camp fee

\$100 deposit (refundable)

\$12 shirt fee

\$50 optional extended care

Hours

8:30 am to 4:30 pm Monday through Friday

4:30 pm to 6:00 pm extended care

Rentals

Pool Rental

Summary

The pool can be rented for private events but is not a particularly popular. The pool is too large and the cost is too high for most parties. In addition, the best pool times are already reserved for public swim or other programs. The BBQ rental seems to fit the cost, time, and party size requirements instead.

The hourly cost is divided into the rental cost and lifeguard cost. There is also a refundable \$500 security deposit.

Maximum Swimmers	Hourly Rental Fee(\$)	Lifeguard Fee (\$)	Total Hourly Cost (\$)
40	100/80	60	160/140
75	100/80	90	190/170
100	100/80	120	220/200

Recreation Partners

Recreation partners offer services to the community that the District does not have the ability or desire to. Currently, this is limited to two different scuba outfits and a separate swim school. In the past, several other swim teams rented the pool. The pricing is \$18 per lane and insurance is required.

Hall rental

The recreation hall can be rented for private events. This is a fairly popular option for residents as the recreation hall is very affordable and is close to home. It is ideal for entertaining a large gathering when the home is not quite big enough. There are roughly 100 chairs, ten 2.5 x 6 tables, ten round 4-foot tables, and a full kitchen.

The pricing is divided between peak and off-peak times. Peak hours are Friday evenings and Saturday & Sunday afternoons. Off-peak is everything else. The hall is rarely if ever rented out during weekday days. There is a refundable \$500 security deposit.

Rental Time	Rental Fee (\$/hr)
Peak	80/60
Off-Peak	60/40

Recreation Partners

Recreation partners offer services to the community that the District does not or cannot. This can include yoga classes, after school care, religious and/or cultural gatherings, or music events. The recreation partners pay the special fee and generally rent on a regular basis.

APPENDIX C

RRRPD STAFF INFORMATION

1) Salaried Staff (GM, PM, A&R)

1a. Written job descriptions (other than the 2019 Salary Review descriptions) if available

The Board has not approved of any job descriptions for any of the salaried employees. This issue will be addressed once a 3rd Board Member is seated.

1b. Contracts and/or other agreements

Please see the attached General Manager Employment Contract (item 1b) approved at the Regular October 2018 Board Meeting. The contract expires in 2020 and is the first and only employment contract.

1c. Current salary

See table in section 1e.

1d. Summary of benefits

50% ER contribution towards the following health benefits:

- Kaiser Silver 70 HDHP HMO 2000/20% health insurance plan (see attached 1d 1)
- Delta Dental Premiere 1500 Plan (See attached 1d 2)
- MES Vision (see attached 1d 3)

4% employer match to defined contribution 401a/457b plan

Worker's Compensation

Unemployment

120 hours PTO

1e. Tax and benefit costs per position

Position	Annual Salary	Health Cost	Retirement Cost	Tax costs (FICA)	Estimated Worker's Compensation* (3.11%)	Unemployment	Total Cost
General Manager	104,737	2,181	4,036	8,291	3,257	pay per claim	122,503
Accounting & Records Manager	66,150	533	2,646	5,021	2,057	pay per claim	76,408
Program Manager	57,750	1,670	2,310	4,049	1,796	pay per claim	67,575

2) Part-time/seasonal positions

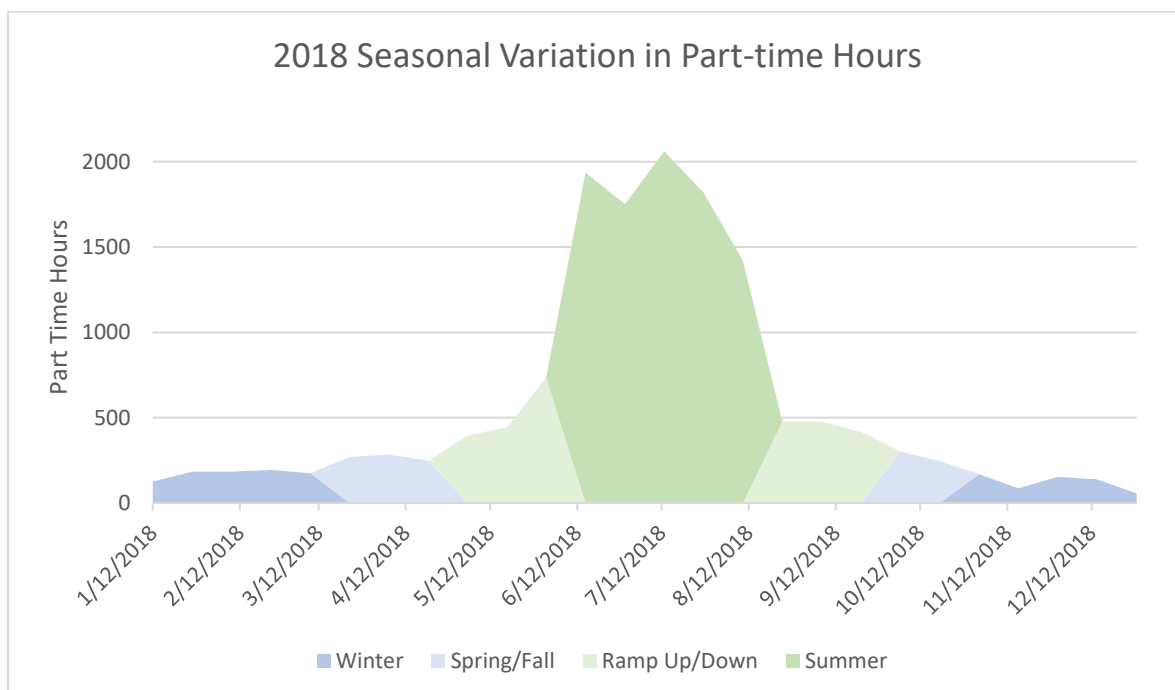
2a. Written job descriptions

The job descriptions exist as part of the staff policy and training manuals.

1. General Policy (item 2a 1)
2. Accounting Policies (item 2a 2)
3. Lesson Manager (item 2a 3)
4. Deck Supervisor (item 2a 4)
5. Instructor (item 2a 5)
6. Pre-comp (item 2a 6)
7. Swim Team Manager (item 2a 7)
8. Swim Team Coach (item 2a 8)
9. Lifeguard Manager (item 2a 9)
10. Senior Lifeguard (item 2a 10)
11. Lifeguard (item 2a 11)
12. Camp Manager *New Position 2018* (item 2a 12)
13. Camp Staff *New Position 2018* (item 2a 13)
14. Office Manager Draft *New Position 2019* (item 2a 14)
15. Events & Marketing Draft *New Position 2018* (item 2a 15)
16. Scheduler (item 2a 16)
17. Office staff (item 2a 17)
18. Maintenance & Janitorial – No job description or training manual

2b. Number of staff by position, hours/week and annual

There were 14,759 part-time hours worked in 2018. The hours are skewed heavily towards the summer months as shown in the following graph.



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There are distinct seasons which are outlined in the graph: winter, transition, ramp up/down, and summer. The type of part-time work available in each season is very different.

The table below shows the number of scheduled weekly part-time hours by position. It does not include setup and cleanup which can add between 4 to 50% to the shift length. In addition, a single staff member may be counted in multiple positions due to extensive cross-training.

Irregular or unscheduled work hours were either combined/averaged with other similar positions when possible or excluded. These types of shifts include occasional off-season swim meets, program planning, special projects (scanning, painting, shredding, etc.), rental supervision, or tabling.

Department	Position	Winter	Spring/Fall	Ramp	Summer	# of staff
Public Swim	Lifeguard Manager	20	20	3	20	2
Public Swim	Senior Guard			6	27	10
Public Swim	Lap Swim Guard			20	20	7
Public Swim	Lifeguard			18	108	35
Swim Team	Swim Team Manager	30	30	3	20	1
Swim Team	Coach			30	81	9
Lessons	Lesson Manager		4	4	21	2
Lessons	Deck Supervisor			4	38	7
Lessons	Instructor			94	346	62
Lessons	Precomp Instructor				8	2
Swim Camp	Camp Manager	3		4	50	1
Swim Camp	Camp Staff				127.5	8
Office	Office Manager	8	12	6	6	1
Office	Events & Marketing				6	1
Office	Scheduler				20	1
Office	Office Staff				82	17
Maintenance	janitorial	10.5	10.5	10.5	10.5	1
Maintenance	Maintenance	8	8	8	8	1
Totals		79.5	157	230.5	999	

2c. Hourly rate by position and/or staff person

Maintenance \$25

Managers \$20

Training & Lifeguarding \$15-16

All else \$17-18

2d. Other taxes and benefits by position and/or total part-time

	Regular Pay	OT excess	Other Pay	Tax Costs FICA	Benefits Sick Pay	Estimated Worker's Compensation* (3.11%, 12.38%)	Unemployment	Total Cost
Part-time staff	257,413	3,762	11,534	20,886	167	21,217	pay per claim	314,979

*Not including surcharges or year-end refund

\$314,979/\$257,413=122.4%