



September 12, 2014

Honorable Kristen A. Lucena, Presiding Judge  
C/O Court Administration  
Superior Court of California, County of Butte  
One Court Street  
Oroville, CA 95965

FILED  
Superior Court of California  
County of Butte  
SEP 15 2014  
By Kimberly Figner, Clerk  
Deputy

Re: Response to the 2013-2014 Grand Jury Final Report from the Board of Feather River Recreation and Park District

Honorable Judge Lucena;

The Board of Directors of the Feather River Recreation and Park District (FRRPD) submits the following response to the Grand Jury Final Report, dated 2013-2014 based on *Penal Code Sections 933 and 933.05*.

Introduction

First, the FRRPD would like to thank the members of the Grand Jury for their time and efforts in reviewing not only our public agency, but the others that were included in the 2013-2014 report. The amount of time that is necessary and those persons who volunteer to serve on the Jury for this year long commitment should be admired.

This is not the first time the FRRPD has been reviewed by the Grand Jury. In past reports the District was criticized for its management of general District affairs as well as its fiscal accountability. However, that being said, the findings and recommendations of this report are significantly less critical than in previous reports.

In November of 2012, there were three new board members elected, taking office in December of 2012. Since then, steps have been taken to rectify the long standing fiscal insolvency of the District as well as the overall management of daily operations. In March of 2013, an interim General Manager was appointed. At that time drastic measures were taken to reduce expenditures and a thorough review of the District's financial position was performed. It was determined that without the imposed drastic cuts, the District would have been forced to close its doors by August of 2013. Through continued budget oversight, the District remains open for business. The District ended the calendar year with cash in the treasury and was not forced to borrow from the County in order to meet its financial obligations.

The Board of Directors and Staff are well aware of the current debt that may restrict the ability of the District to fulfill its mission of providing quality parks and recreational facilities. There are several areas that are being explored with all of the financial institutions. Restructuring of the line of credit through Bank of the West is being explored as well as a potential bond measure to refinance the \$2.8 million dollar loan for the Activity Center. The District is currently working with financial experts in the area of Governmental Financing as well as reaching out to professional associations for Special Districts and Recreation Departments.

As highlighted in the current report, concerns mentioned in previous Grand Jury reports have been addressed. The Policies and Procedures handbook and Employee Handbook are complete and are being reviewed by District Counsel. Job Descriptions are up to date and employee files are well organized. Park repairs have been at the top of the list and several of those listed in the current Grand Jury report have been completed.

### **Parks & Facilities**

It was stated in the report that the District parks are in poor condition. While some are in poor condition, overall it is the District's opinion that the parks are in fair condition. Park repairs have been at the top of the list and several of those listed in the current Grand Jury report have been completed. Nelson Pool reopened this summer, the dock at the Dog Park has been repaired, fields have been upgraded at Nelson Complex, foul line fences have been installed at Nelson Complex, Nolan Complex has had field renovations and replacement of the electrical panel and despite the loss of grant funding, the long awaited path at Martin Luther King Park has been completed.

Unfortunately, the high rate of vandalism on Park improvements is an ongoing battle. Some cameras have been installed and while some areas have seen a decrease in vandalism, others have not. The Adopt A Park program and increased support from the City of Oroville, Police Department have made some remarkable improvements. It is hopeful that more volunteer opportunities and increased police presence in the parks through future SBF Funding will help to curb the increasing problem that is not unique to the Oroville region.

### **Management and Leadership**

Overall, the daily operations of the District are running smoothly and employee morale is high. While past Grand Jury reports have noted Board turmoil as an issue, the current Board and General Manager work together to handle the issues presented.

### **Finances**

Financial issues have plagued the District for several years. Excessive borrowing has left the District in a fragile financial state. In 2010 the Activity Center was purchased with the thought that increased programming would enable the District to meet their financial obligations. Despite the information stated in the Grand Jury report, the District did do extensive research prior to purchasing the facility. Several appraisals came back with a value of over \$4 million, the existing programs had the potential to bring in substantial revenue and there was a performance review of the operation prior to the purchase. While the purchase may be debated, the fact is the District now owns the facility and is responsible for the debt. As mentioned previously, the Board of Directors and Staff have this at the forefront of their minds and are constantly working towards a permanent solution for the District, not just another band aid, putting off the responsibility on future boards and staff.

Other areas of finance have improved. The current bookkeeper is not only skilled at the accounting software used by the district, but also has a clear understanding of accounting principles. She has made remarkable changes in the processes and procedures in the finance department implementing several new checks and balance systems.

Overall, the district is in better financial health than in past years and together with the Board of Directors, the enthusiasm, training and professionalism of the staff and General Manager have positioned the District for a brighter future.

Findings:

F1: The District's debt load is not sustainable.

**The Respondent agrees in part with the finding:** The District debt load would not be sustainable if past spending habits had continued and the outstanding debt is not restructured. The current board is aggressively working towards long term financial solutions. Once the debt is restructured, there must be continued financial oversight by both the Board of Directors and the staff. Continued increases in programming, securing grants for projects and use of volunteers in the parks will enable the district to be sustainable.

F2: Despite previous Grand Jury recommendations, the District has not developed a long-term financial plan.

**The Respondent disagrees with the finding:** Since 2005 the District has attempted to implement a long term financial plan. The purchase of the Activity Center was to enable the District to increase programming and serve as a permanent home for the District office. However, since 2010 the implementation of income producing programs was denied by past boards and more time has been spent on conflict resolution than program generation. Due to these conflicts, there has been a lack of consistency at the District. Consistency is necessary to solve problems and create long term goals. The Board and staff have made great strides to reach out to professionals in the area of finance and this process is continuing.

F3: The General Manager is well suited for the position and exerts a positive influence on District operations.

**The Respondent agrees wholly with the finding:** The Board and Staff are supportive of the current General Manager.

F4: The District is working to improve maintenance and upgrade the parks and facilities.

**The Respondent agrees wholly with the finding:** Long outstanding projects and repairs have been completed and outstanding permits have been finalized. A complete list has been developed for each park and will act as the long term plan for park maintenance and repairs.

F5: The District has done an excellent job updating District handbooks and personnel records, streamlining the accounting system, and improving checks and balances.

**The Respondent agrees wholly with the finding:** The Policies and Procedures Committee and Personnel Committee have worked hard to review current documents and make any changes necessary to bring them to current status.

F6: There are no security cameras to deter vandalism in the parks and facilities.

**The Respondent disagrees wholly with the finding:** Some cameras have been installed and the effect on vandalism is being evaluated.

F7: The District makes good use of volunteers, but has not tapped all sources.

**The Respondent agrees in part with the finding:** The District's volunteer list has grown consistently over the last year. Not only do we have individuals, but churches, community groups, and other government agencies such as SWAP, CDF and Butte County Probation that are assisting in our efforts. There have been several examples of successful volunteerism and community support. First generous donations were received to reopen the skate park. The second is the District's successful Adopt A Park Program. Every park within the District has been adopted by either a business,

organization, church or individual. There is a continual effort to reach out to the community and nearby educational institutions.

F8: There are no term limits for Directors and no rotation of committee assignments.

**The Respondent disagrees wholly with the finding:** There has been a continual rotation of Board members over the years. Unlike other governmental agencies, there is currently not one director that has served even a decade. In fact, of the two longest serving directors, one was elected 3 times and one was elected 2 times, each having served for a total of 8 years after first being appointed. Elections are designed to limit terms. If the public wishes to see change, the public must participate in the political process. Committees are changed annually.

F9: Some members of the Board have taken actions that encroach on the duties and responsibilities of the General Manager.

**The Respondent agrees in part with the finding:** The current Board is a working Board willing to lend a hand when asked. Several Board members have expertise in areas that have been beneficial to the District. While there have been times of cross over, with each occurrence, lessons are learned and clearer guidelines are discussed. The Board is striving to maintain this fine line.

F10: Many Board members and staff lack in-depth financial expertise.

**The Respondent disagrees wholly with the finding:** There is not a current Board member that does not have a successful financial background. When necessary, we have sought the expertise of others for accounting, financial review and training.

F11: The District deferred budgeting reserve funds for capital improvement.

**The Respondent disagrees wholly with the finding:** Due to not only the outstanding debt in the District, but also due to the financial crisis of the State of California, the District has not been able to set aside reserve funds for future repairs and maintenance. This again is at the forefront of the attempts to restructure the District's debt so that in future years this can be accomplished.

Recommendations:

R1: The District should continue to pursue loan refinancing and consider other options to manage its debt load.

**The recommendation has been implemented:** Currently all options are being researched.

R2: The District should seek professional guidance and develop a long-term financial plan, including capital outlay and depreciation reserves.

**The recommendation has been implemented:** This is currently being done. Through the 2013-2014 fiscal year three experts were contracted as consultants for the district. In addition, bank officers and others in the field of finance were also consulted.

R3: The District should proceed with the installation of security cameras.

**The recommendation has been implemented:** Some cameras have been installed and their effectiveness is being evaluated.

R4: The District should evaluate the feasibility of using students as park interns.

**The recommendation has been implemented:** Connections have been made with the Chico State Recreation Administration Department, community groups, churches and individuals in the community to help maintain and improve our parks.

R5: In order to promote new ideas, the District should explore establishing term limits for Directors and rotate committee assignments periodically.

**The recommendation will not be implemented because it is not warranted or is not**

**reasonable:** Election and the term of office of directors of the District is governed by California Public Resource Code Sections 5784, et seq., which does not impose term limits on directors, the process of elected officials ensures the community opinion is represented. Committee assignments are changed annually.

R6: The District should coordinate with Counsel and the General Manager for refresher training in the proper separation of duties and responsibilities of Board members vs. Management.

**The recommendation has been implemented:** The current board has attended training. With the upcoming change in the board, new trainings will take place at the beginning of 2015.

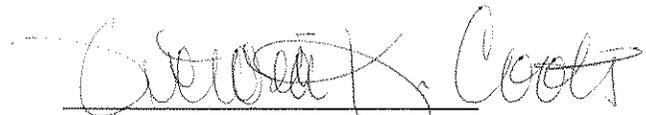
R7: The District should contract for periodic financial refresher workshops.

**The recommendation has been implemented:** For three years the Board had requested a financial training. This finally took place in 2014. When new board members are elected or appointed, similar trainings will take place regarding District financials.

In closing, again the District would like to thank the members of the Grand Jury for their time and efforts. While the District understands the Grand Jury has the right to make statements regarding the reviewed agencies, it also has the responsibility to the public and to the items they are scrutinizing to be fair for all concerns and to foster a future trust. Clearly, the District is headed in a positive direction, as the Findings and Recommendations are much less critical than in previous reports. An appreciation for on-going positive direction would have been a great help to the recreation community.

Sincerely,

The Board of Feather River Recreation and  
Park District

A handwritten signature in black ink, appearing to read "Victoria Coots", written over a horizontal line.

Victoria Coots, Board Chairperson

Response approved by the Board of the Feather River Recreation and Park District on September 9,  
2014 by a unanimous vote.