



Superior Court of California
County of Butte
FILED
SEP 11 2012
By *[Signature]* Deputy
Hamberly Flener, Clerk

September 10, 2012

Honorable Stephen Benson, Presiding Judge
Butte County Superior Court
One Court Street
Oroville, CA 95965

Re: Response to the 2011-2012 Grand Jury Final Report from the Board of Feather River Recreation and Park District

Honorable Judge Benson:

The Feather River Recreation and Park District (FRRPD) submits the following response to the Grand Jury Final Report, dated 2011-2012 based on *Penal Code Sections 933 and 933.05*.

Introduction

The FRRPD would like to thank all members of the Grand Jury for their dedicated service to this community. It is a benefit to the community to have such dedicated individuals make findings and recommendations as to the public agencies that serve them in order to better that agency and its role. The District works hard to provide beautiful parks, recreational activities for all ages, and facilities, which may be used by everyone, in order to improve the quality of life in this area. It is only through progressive change and hard work that the District has and will be able to better serve the community.

The current Board of Directors and employees of FRRPD have made significant improvements in the management of the District, including looking at long term plans to address the District's debt. Since 2005, FRRPD experienced major changes in both its Board of Directors and in its employees. The Board of FRRPD hired John Buck as the General Manager to commence providing services in January of 2010. While Mr. Buck was General Manager, FRRPD was considering the purchase of the premises known as the Oroville Gymnastics Academy now known as the Activity Center, as well as a plan to move the FRRPD's operations to the Activity Center. In September of 2010, escrow closed and FRRPD became the owner of the Activity Center. Mr. Buck then resigned as General Manager in December of 2010, and for a period of approximately six months, FRRPD was without a permanent General Manager. Subsequent review of the documents provided to the Board who authorized the purchase of the Activity Center have been reviewed and scrutinized by the current Board, current management as well as the public. It has been suggested that the Board who authorized the purchase of the Activity Center was not provided with complete information, and that certain business plans

were not complete, nor followed. It has also been suggested that a plan for a transition from the Municipal Auditorium to the Activity Center was not fully developed nor implemented due to a variety of factors, including the resignation of Mr. Buck and the lack of a permanent General Manager. These events, along with the prior issues faced by FRRPD have created management and financial obstacles that FRRPD has addressed and will continue to address.

The FRRPD has hired a General Manager to provide leadership and guidance. Changes have been made, but FRRPD realizes that there is still considerable work to be done. Generally, the FRRPD intends to implement many of the recommendations found in the 2011-2012 Grand Jury Report as to those items that have not already been addressed.

The FRRPD has experienced Board turmoil, a failed recall, and continues to receive criticism. Allegations of wrongdoing on the part of current and past Board Members and staff have warranted the assistance of legal counsel to investigate and advise the FRRPD on the proper steps it should take. Additionally, the FRRPD has faced significant issues with some of its employees, requiring assistance from legal counsel.

Over the past year FRRPD has also strived diligently to improve its fiscal condition. The Final Budget for the 2011-2012 Fiscal Year was \$3,246,344. This budget included \$2,567,182 in new revenues, \$679,162 of prior year carry-over and newly created reserves of \$97,150. The actual new revenues for the 2011-2012 year were \$2,785,286, up 8.5% from that budgeted. The Final Budget for the current 2012-2013 Fiscal Year is \$4,125,962. This budget includes \$3,170,886 in new revenues, \$995,076 of prior year carry-over and newly created reserves of \$226,594. To summarize: over two fiscal years FRRPD projects it will have increased revenues by 27% and over the last, one, fiscal year FRRPD has reversed the negative trend of declining year to year carry-over and increased reserves, to accommodate future obligations, by 133%.

Based on the above, the Board of Directors of the FRRPD hereby submits the following in response to the 2011-2012 Grand Jury Report:

Findings:

1. The Board and Management of FRRPD have not given proper priority to the resolution of their financial issues.

The Respondent disagrees wholly with the finding. The FRRPD has been working with its lenders to research possible loan restructuring. The FRRPD has also increased its programs and has increased its revenues by 8.5% and is projecting an additional 18.5% increase over the next fiscal year. Additional programing has been added, and specific program revenues have increased by as much as 30%. While FRRPD has inherited a serious financial issue, it remains dedicated to exploring all options available to it, including loan restructuring, additional borrowing, and grant and bond applications. A tentative agreement has been discussed with Rabobank, who holds the first deed of trust against the Activity Center in the amount of approximately \$3 Million. It is also anticipated that the District will receive funds from the City of Oroville, acting as the successor agency of the RDA. FRRPD has passed a resolution that any and all funds

received from this source will be utilized to reduce the principal balance debt owed by FRRPD.

2. The personnel records of the District have not been properly maintained. The District needs professional help in organizing these records and making a plan so that they are maintained in the future.

The Respondent agrees, in part, with the finding. The current FRRPD staff can only comment on how they have been maintaining personnel records. As of the date of this report, the District keeps all personnel records organized in a manner recommended by legal counsel, and those files are kept under lock and key. Only certain FRRPD staff can access such records, such as the General Manager and the Executive Administrator.

3. The Board and management have lost the support and trust of the people of the District. The contentious interaction at some Board meetings between Board members, management and some members of the public are detrimental to the District.

The Respondent agrees, in part, with the finding. While FRRPD does acknowledge that some portion of the public has lost support and trust, it appears that some of this lost support and trust has been from accumulated years of dissatisfaction, the appearance that programs and services have been lacking and from the interactions of prior Board Members and Staff. The current Board and General Manager are working hard to turn this around, and are hopeful that members of the public could offer support, encouragement and actively volunteer. FRRPD would encourage members of the public to be professional in their tone and demeanor at public meetings and assist in getting the business of the District completed. FRRPD continues to strive to be as transparent as possible, with the General Manager and members of the Board making themselves available to answer any questions or concerns of the members of the public. FRRPD has posted many documents on line to assist the public with acquiring information, and intends to continue to do so.

4. The costs of legal services provided to the District has been high. These costs are driven partly by the dysfunctional nature of the proceedings which have taken place in the past.

The Respondent agrees with the finding. At various times, the FRRPD Board and Staff have faced scrutiny for certain actions. Accusations have been made asserting wrongdoing, and these accusations have been investigated, resulting in significant legal cost to the District. The transition from the Municipal Auditorium to the Activity Center, along with the integration of new staff has caused numerous issues, including personal issues which required the use of legal counsel. Additionally, the lack of a permanent General Manager for an extended period resulted in legal counsel providing additional services. Now that a General Manager has been in place for over a year, and the transition process is complete, FRRPD's use of legal counsel has declined to a degree. However, it is FRRPD's hope and desire that the public will consider the legal ramification of any derogatory statements and claims, especially in terms of costs to the District in legal fees.

5. FRRPD is working on becoming more transparent to the public through the use of their website.

The Respondent agrees with the finding. FRRPD has increased the postings on its website, and intends to make major improvements so as to assist the public in acquiring information. FRRPD has made documents pertaining to the acquisition of the Activity Center easily accessible, and continues to work on making the process to request public documents easier and more efficient. The General Manager and Board Members have been willing to meet and discuss concerns of the public.

6. No job descriptions are included in the Policy and Procedure Manual.

The Respondent agrees with the finding. Job descriptions are not contained in the Policy and Procedure Manual. The Employee Handbook is currently under revision, and it is intended that the job descriptions will be contained in the Employee Handbook.

7. The Grand Jury is concerned when only one employee is fully trained in the use of the accounting system.

The Respondent disagrees wholly with the finding. More than one employee is fully trained in the use of the accounting system. The General Manager is fully trained in the use of the accounting system. However, FRRPD is investigating contracting with an outside firm to provide bookkeeping services for a period of one week, on an annual or bi-annual basis. The current proposal is that such services will be provided to FRRPD on an unannounced basis, whereby a member of an outside firm will replace the current Finance Manager for one week. This will provide an outside firm the opportunity to review the books and records.

8. FRRPD has no clear policy regarding background checks for employees and volunteers.

The Respondent agrees, in part, with the finding. The Employee Handbook provides that all employees and must complete a background check pursuant to provision 3.2. The Employee Handbook does not address the requirement that volunteers must also complete a background check. Although FRRPD does require volunteers to complete a background check, there is no clear written policy on this issue. The revised Employee Handbook will address this shortfall.

9. FRRPD has not developed or adopted a plan to ensure continued compliance with the ethics training requirements of AB1234.

The Respondent agrees, in part, with the finding. FRRPD has maintained an internal procedure for ensuring continued compliance with the ethics training requirements of AB1234. However, FRRPD has no written policy regarding this requirement. FRRPD is investigating the possibility of assigning a Board appointed committee to ensure compliance with this, and other requirements.

Recommendations:

1. With the highest priority, the Board and Management must address financial issues threatening the future of the District. The District should seek and follow expert advice getting its financial affairs in order.

The Respondent agrees with the recommendation and it has been implemented.

FRRPD has restructured its accounting system to enable it to better track expenses, revenue and project anticipated expenses. FRRPD has also hired additional staff to assist with increased programming, with a goal of increasing revenues and better utilizing its assets in an enhanced manner to service the public. FRRPD has been investigating its options for restructuring its debt, which includes consultation with legal staff, auditors, and other professionals, and will continue to do so until any financial issues have been addressed.

2. The District should seek professional help in setting up a plan to maintain personnel records to comply with all State and Federal laws dealing with employment.

The Respondent agrees with the recommendation and this has been implemented.

FRRPD has consulted with its legal counsel and is working with an outside Human Resources Consultant who have both provided recommendations regarding maintaining personal records. In addition, FRRPD has utilized legal counsel to revise its Employee Handbook to reflect changes in State and Federal Laws.

3. The Board and Management must make regaining public trust a priority. Reaching out to City of Oroville management and participating in a workshop (See City of Oroville Report) might be a positive first step. Proper preparation for board meetings including the current easily read agendas, properly prepared financial documents and other pertinent information on action items is essential.

The Respondent agrees with this recommendation and has implemented this recommendation.

FRRPD agrees that maintaining the public's trust is a top priority. FRRPD intends to investigate the options for workshops, including looking at the structure of the City of Oroville. FRRPD will continue to work on better communication and efficient operations within FRRPD to increase its services to the public. FRRPD has revised its agendas and financial reports, making them easier to read. FRRPD will investigate additional Board training.

4. The Board and Management should review its use of legal counsel to make the best use of the financial resources available.

The Respondent agrees and has implemented this recommendation. Legal fees for FRRPD have been high, due to a variety of factors described above. Now that FRRPD is gaining more stability in terms of its financial position and in terms of its staff, FRRPD has incurred less legal fees to assist it in urgent matters. FRRPD is focusing its use of legal services to expand programs and facilities.

5. The District needs to establish employee and volunteer job descriptions and include them in the Policy and Procedure Manual. Descriptions should include updates on background checks required according to District Policy.

The Respondent agrees, in part, with the recommendation and will implement a portion of it. Employee and volunteer job descriptions are maintained, but are not currently placed in the Policy and Procedure Manual. Employee and volunteer job descriptions will be contained in the FRRPD revised Employee Handbook. The Employee Handbook currently addressed the requirement of background checks, but this written policy will be expanded to include volunteers. FRRPD will also consider implementing a policy to audit the Employee Handbook and the Policies and Procedures, as well as reviewing all background checks on an annual basis to ensure continued compliance with all Federal and State laws.

6. FRRPD adopt a policy that all employees, volunteers and Board members be fingerprinted and background checked.

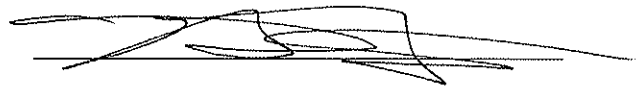
The Respondent agrees with the recommendation and it will be implemented. FRRPD has a written policy pertaining to the background check of all employees, which requires that each be fingerprinted. Although FRRPD has required that Board members and volunteers also undergo this process, there is not a written policy that address this process. FRRPD will be considering the implementation of a written policy that addresses this issue within the next 2-3 months.

7. FRRPD develop and adopt a plan to ensure continued compliance with the ethics training requirements of AB1234.

The Respondent agrees with the recommendation and it will be implemented. FRRPD will implement a written policy to ensure continued compliance with the ethics training requirements of AB1234 within the next 2-3 months.

Sincerely,

The Feather River Recreation and Park
District Board of Directors

A handwritten signature in black ink, appearing to be a stylized name, possibly "J. [unclear]".

Response approved by the Feather River Recreation and Park District Board of Directors on September 7, 2012 by a vote of 3:0 (2 Board members were absent).