

Fair Oaks Recreation and Park District

August 31, 2010

The Honorable Steve White, Presiding Judge
Sacramento County Superior Court
720 Ninth Street, Department 47
Sacramento, CA 95814

Re: Response of the Fair Oaks Recreation & Park District to the 2009/2010 Sacramento County Grand Jury Final Report

Dear Judge White:

In October 2009, The Fair Oaks Recreation and Park District (FORPD) responded to the *Questionnaire on Management and Governance Practices of Independent Special Districts in Sacramento County*, per the request of the Sacramento County Grand Jury.

In June 2010, FORPD received a request to respond to specific findings and recommendations of the *2009-2010 Sacramento County Grand Jury Final Report on the Survey of Independent Special Districts*. At the August 18, 2010 regular meeting of the FORPD Board of Directors, the Board reviewed the results of the Survey and directed staff to prepare the response to this request. Per the instructions of the Board, and in accordance with Penal Code sections 933 and 933.05, the Fair Oaks Recreation and Park District respectfully submits our response outlining District policies and procedures relevant to the findings and recommendations in the Grand Jury Report.

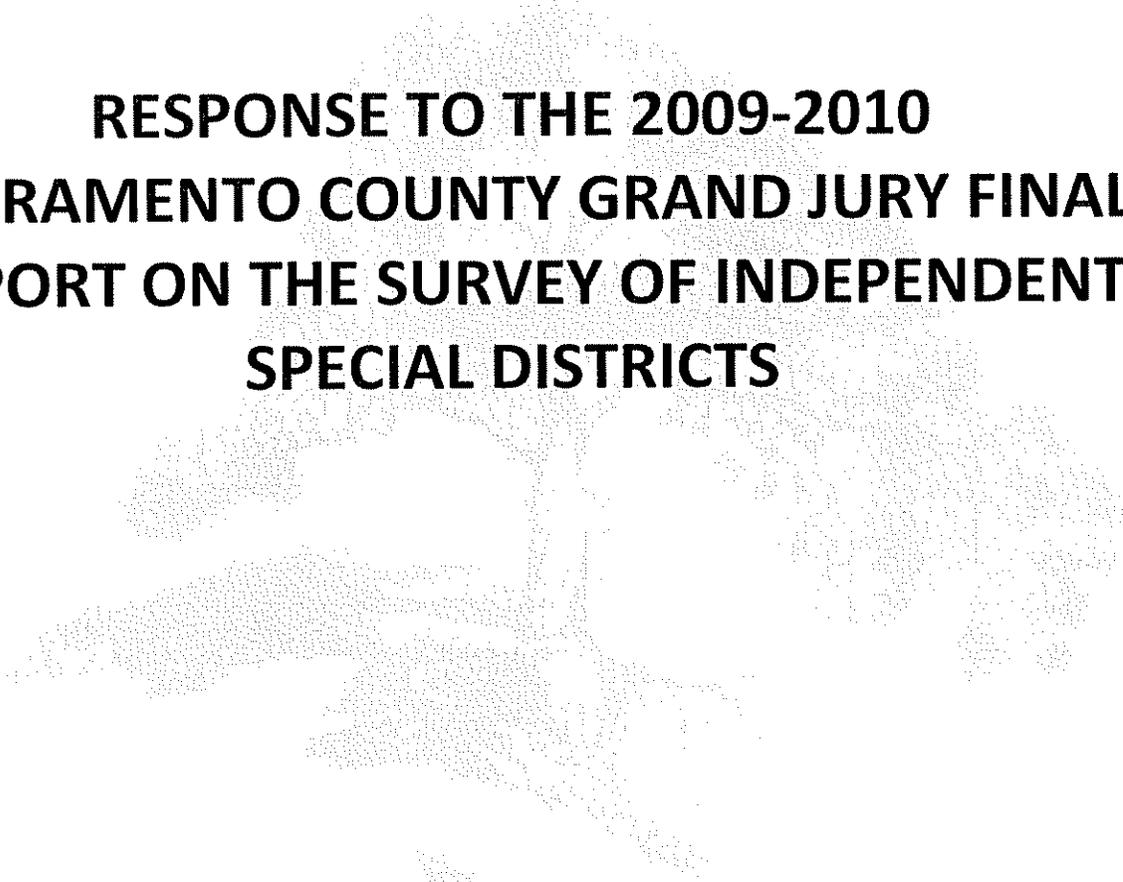
If you have any questions and/or comments regarding this response, please do not hesitate to contact Maureen Zamarripa, District Administrator at (916) 966-1036.

Sincerely,

Brandon D. Rose
Chairman, Board of Directors
Fair Oaks Recreation and Park District

Enc: *Response to the 2009-2010 Sacramento County Grand Jury Final Report on the Survey of Independent Special Districts*

cc: Becky Castaneda, Grand Jury Coordinator (via email at castanb@saccourt.com)
Maureen Zamarripa, District Administrator
FORPD Board of Directors



**RESPONSE TO THE 2009-2010
SACRAMENTO COUNTY GRAND JURY FINAL
REPORT ON THE SURVEY OF INDEPENDENT
SPECIAL DISTRICTS**

FAIR OAKS RECREATION AND PARK DISTRICT

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**RESPONSE TO THE 2009-2010 SACRAMENTO COUNTY GRAND JURY FINAL REPORT ON THE
SURVEY OF INDEPENDENT SPECIAL DISTRICTS**

Research of District Policies and Practices

The results of staff's research are presented in the following order: The Grand Jury's findings and recommendations; the District's adopted policy, if available; and the District's practice related to each specific issue.

Finding 1.0 ISD directors perform valuable service at minimal cost. However, this survey reveals inconsistent behaviors regarding compliance with sound management practices.

Recommendation 1.1 Directors should review their by-laws every four years to assure compliance with applicable laws, ethical practices, and appropriate behavior.

District Policy

The District updates policies and procedures as needed and most recently adopted a new employees policy manual in 2009. The District will establish a standing Policy Committee and begin a systematic review of general District policies as a charge of the committee.

There is no observed notation of any regular review of these policies. However, the Policy Manual does state in Section A (GENERAL):

"If any policy or portion of a policy contained within the Policy Manual is in conflict with rules, regulations or legislation having authority over Fair Oaks Recreation and Park District, said rules, regulations or legislation shall prevail."

Recommendation 1.2 Directors should limit compensation to reasonable meeting stipends and necessary costs of professional activities. All ISD boards should ensure that their compensation practices conform to the principles in Section 5.1 of this report.

District Policy

The Fair Oaks Recreation and Park District Board of Directors compensation was reviewed in February 2010 and is as stated in the District's Policy Manual, Section C (BOARD OF DIRECTORS):

“Policy C – 4: REMUNERATION AND REIMBURSEMENT

a. Board members shall receive pay at \$100 per meeting, not to exceed 24 meetings per year, with a maximum of \$500 per month.

b. Members of the Board of Directors shall be reimbursed for all legitimate expenses incurred in attending any meetings or in making any trips on official business of the Board when so authorized in accordance with related policies. Reimbursement for the cost of the use of a Director's vehicle shall be on the basis of total miles driven and at the rate specified in the Sacramento County Guidelines in effect at the time of the vehicle usage.”

Recommendation 1.3 Directors should limit the use of consent calendars according to the principles in section 5.1 of this report.

District Practice

Historically, the District’s practice is for the consent calendar to only include either items that have been previously discussed or routine financial information such as the monthly financial transactions, leave liability reports, expenditure and revenue reports, etc.

Finding 2.0 Some ISDs grant monetary awards for education and training; many have inadequate evaluation of employees’ degrees and certificates.

Recommendation 2.1 All ISDs should encourage education and training, but should not make direct monetary (cash) awards for educational achievement.

District Policy

The Personnel Policy Manual states the following in Policy 19 (CONFERENCE, TRAINING & EDUCATIONAL ASSISTANCE):

“Employees of the District are encouraged to pursue educational opportunities that are related to their present work, which will prepare them for foreseeable future opportunities with the District, or which will prepare them for future career advancement. The District will pay for training classes that are approved in advance in writing. Any such educational opportunities are voluntary and not required by the District. The employee will not be compensated for his or her time if the conference and/or seminar is not during working hours.”

Recommendation 2.2 All ISDs should recognize educational degrees and certificates only if they meet the criteria listed in Section 5.3.1.

District Practice

The District recognizes educational degrees that are granted from nationally-accredited or state-approved post-secondary institutions. The District also recognizes professional and trade certificates mandated or regulated by state law. Job descriptions and positions may require that an employee have a degree or certificate but compensation is not based solely on nor is compensation increased as a result of the receipt of an educational degree or certificate.

Finding 3.0 ISD pension awards and Other Post Employment Benefits (OPEB) have increased markedly in the last decade. Some of these awards are unfair and unsustainable.

Recommendation 3.1 All ISDs should adopt pension and OPEB plans that are fair, affordable and sustainable.

District Practice

The District is very mindful of the necessity of a fair, affordable and sustainable pension and OPEB plan for employees. FORPD participates in the Cal-PERS system and employs the 2% at 55 model. Guidelines for this are established by Cal-PERS. The District contributes its portion of +/- 7% (currently 5.01%), as well as contributing the employee's portion of 7%. Should changes be necessary in the future as a result of District financial constraints, any changes to this plan will be fully researched and discussed by the Board of Directors prior to any changes in practice.

Recommendation 3.2 To minimize unfair pension boosting, all ISDs should ensure that calculations of employees' base pension awards are on actual base salary earnings over their highest 36 months of earnings and urge CalPERS to promote this standard.

District Practice

As a participating member of Cal-PERS, the District is subject to its rules. Those rules have provisions for use of an employee's highest 12 months of earnings. Pension awards are predicated on base salaries, as FORPD does not bestow bonuses to employees.

Recommendation 3.3 All ISD pension/OPEB changes should be made only after analysis and full disclosure to all parties of the fiscal ramifications.

District Practice

The District updates its Memorandum of Understanding with the Employees Organization every three (3) years. Changes must be approved by the FORPD Board of Directors after careful consideration and analysis. Prior to the enactment of any changes, fiscal ramifications are analyzed and communicated to applicable parties.

Recommendation 3.4 All ISD pension/OPEB benefits should have an employee contribution component.

District Practice

Historically the District has reviewed pension and OPEB benefits during the development of its Memorandum of Understanding with employees. The District has been proactive in this regard and established a per employee monthly limit on the contribution to employees health and dental benefits. Any increases in benefits that exceed 9% annually are funded by the employee.

Finding 4.0 The majority of the ISDs surveyed in this study are neglecting their fiduciary responsibility to taxpayers and ratepayers by excessive use of no-bid purchasing.

Recommendation 4.1 Every ISD in Sacramento County should establish and adhere to a goal of minimizing no-bid purchasing. Essentially all purchases except utilities and emergency construction should be by contracts awarded to the lowest responsive responsible bidders.

District Practice

The practice of FORPD is to bid all major purchasing projects (capital improvements, service contracts, etc.) with selection and bid award made by the Board of Directors to the most qualified bidder.

Finding 5.0 ISDs have not consistently conducted and reported required Independent Financial Audit Reports and management audits.

Recommendation 5.1 All ISDs must complete and file the required annual Independent Financial Audit.

District Policy

The Policy Manual states the following in Section E (FINANCIAL):

Section C (Selection of Audit Firm) – “The District shall select an Independent Accounting CPA firm to perform the Annual Audit for each fiscal year. The firm is to be selected based on certain criteria with the District going out to formal bid every three (3) years.”

District Practice

A financial audit of District operations is prepared each year by an independent auditing firm. Audit results are presented to the Board of Directors in open session and subsequently filed with the County of Sacramento and the California State Controller’s Office.

Recommendation 5.2 All ISDs should commission a thorough periodic management audit. These audits should be completed by a multi-disciplinary team qualified to examine a district's management practices. This audit should be done in fiscal year 2011, and every four years thereafter.

District Practice

The District includes reportable performance and management conditions within its annual Financial Audit. The District has an appointed District Administrator and an elected Board of Directors. The Board reviews the performance of the Administrator and the operations of the District as it conducts business through each monthly public meeting of the Board of Directors. FORPD operates with a very lean budget. A management audit every four years by an outside firm may be costly and unnecessary. The District Administrator's and Board of Director's report card is the success with which services are provided and the feedback received from residents of the District. In the last two years, the District has made enormous headway in improving procedure documentation, improving employee retention, developing a community based Master Plan for programs and services, implementing new recreation programs, leveraging the minimal resources available to improve maintenance of parks and facilities and developing a more interactive and collaborative relationship with the community of Fair Oaks. The results of those efforts are as valuable as a management audit, the cost of which, would impact the minimal resources available to provide services.