



## AGENDA ITEM 7C

**MEETING:** September 16, 2015  
**TO:** Humboldt LAFCo Commissioners  
**FROM:** George Williamson, Executive Officer  
**SUBJECT:** **Municipal Service Review and Sphere of Influence Update for the Rohner Community Recreation and Park District**  
The Commission will receive an update on the Rohner Community Recreation and Park District (RCRPD) reorganization progress.

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### A. BACKGROUND

At the May 21, 2014 LAFCo meeting, staff presented a preliminary draft municipal service review for countywide recreation and park services for the North Humboldt Recreation and Park District (NHRPD) in the Arcata area and the Rohner Community Recreation and Park District (RCRPD) in the Fortuna area. While sufficient determinations were made for the NHRPD, deficiencies were noted for the RCRPD. LAFCo staff presented the following "Governance Structure Options" for RCRPD reorganization:

1. Maintain RCRPD as a dependent special district (status quo)
2. Establish the RCRPD as a subsidiary district of the City of Fortuna
3. Dissolve the RCRPD

The Commission continued the hearing to allow the RCRPD to address reorganization options. This matter was brought back to the Commission on July 15, 2015 for an update and then continued to the September 16<sup>th</sup> meeting based on interest from the City of Fortuna in providing administrative support. The matter was presented to the Fortuna Parks and Recreation Commission on August 10, 2015.

### B. DISCUSSION

According to Kevin Carter, who has recently taken on parks and recreation management for the City of Fortuna, the governance structure options for RCRPD reorganization was brought to the Fortuna Parks and Recreation Commission on August 10<sup>th</sup>. Mr. Carter reported that the Fortuna Parks and Recreation Commission was supportive of becoming more involved with the District. More information was requested on how the RCRPD could become a subsidiary district of the City of Fortuna. The Fortuna Parks and Recreation Commission would like to act as the district board, if possible, and voted 4-0 in support of pursuing this option. City staff has offered to start working on the bylaws with the City attorney should forming a subsidiary district be determined the appropriate governance structure option for the RCRPD. The City manager has also been advised and has expressed support contingent on getting a full financial picture of the District and its responsibility. Additional research and coordination will be needed in order

to determine whether the Fortuna Parks and Recreation Commission can administer District duties as a separate board and as part of their regular agendas.

### **C. RECOMMENDATION**

Staff recommends the Commission direct staff to work with City staff and Commission on establishing the RCRPD as a subsidiary district of the City of Fortuna and bring this back to the Commission within six months. The MSR will be brought back for adoption at that time as well.

#### ***Attachments:***

ATTACHMENT A: RCRPD Governance Structure Options

**ATTACHMENT A**  
**GOVERNANCE STRUCTURE OPTIONS FOR THE**  
**ROHNER COMMUNITY RECREATION AND PARK DISTRICT (RCRPD)**

There are three governance structure options for RCRPD:

1. Maintain RCRPD as a dependent special district (status quo)
2. Establish the RCRPD as a subsidiary district of the City of Fortuna
3. Dissolve the RCRPD

**Maintain RCRPD as a Dependent Special District (Status Quo)**

The first alternative is maintaining RRRPD as a dependent special district, with steps to improve the transparency and accountability of the District. Under this alternative, the District could remain intact, and work to make improvements, including the following:

- o Long-term business planning by the District, including conducting a recreation needs assessment, developing a business plan, and developing a mission statement, goals, objectives, and performance measures;
- o Enhancing accountability and transparency by adopting policies and administrative regulations, and developing and implementing a plan to enhance outreach to district residents in an effort to increase interest in board activities.
- o Develop a formal contract or agreement with the City of Fortuna for the provision of recreational services to the incorporated and unincorporated areas within the District.

**Establish the RCRPD as a subsidiary district of the City of Fortuna**

Another governance option may be establishing the District as a subsidiary district of the City of Fortuna. As a subsidiary district, RCRPD would continue to exist as a legal entity, but the City Council would be designated as the ex officio board of directors of the District. At least 70 percent of the territory within the District or 70 percent of registered voters of the District must be within the City, in order to meet legal requirements of establishing a subsidiary district. In the case of RCRPD, 86 percent of the District's population is within the City limits, meeting the subsidiary district requirements.

The establishment of RCRPD as a subsidiary district would not change the legal status of the District as a special district; however, it would exchange the existing appointed District Board for the City Council as the ex-officio board of directors. The City would assume all assets, functions and governance along with all debts and liabilities of the subsidiary district. The establishment of the District as a subsidiary district of the City would not change the designation of the share of the ad valorem property tax received by the District. This option may be initiated by LAFCo, the legislative body of the district wishing to establish itself as a subsidiary district, the legislative body of a city wishing to establish a subsidiary district, or by petition.

This alternative would allow the property tax revenue presently collected by RCRPD be guaranteed to continue to be dedicated to recreation services in the community. The City would receive the property taxes and would be required to account for the activities associated with the District's functions separately from other city services.

This alternative should be the subject of additional study to determine the level of benefit in terms of services and anticipated costs and savings. The special study should also describe in more detail the process of a merger or becoming a subsidiary district. Prior to moving forward with this option, the City of Fortuna would need to be approached regarding interest in taking on the associated responsibilities.

### **Dissolution of the RCRPD**

Another governance structure option for the RCRPD may be dissolution of the District and designating the City of Fortuna as the successor for the purpose of winding up the affairs of the district. A dissolution is defined as the extinguishment or termination of the existence of a district and the cessation of all its corporate powers.

Government Code Sections 57450 through 57463 provide detailed information and procedures for successor agencies in concluding the affairs of a dissolved district. Assuming that the dissolved district has no long-term debt, the increment of property taxes that had been apportioned to the dissolved district would be redistributed among the remaining public agencies within the tax rate areas.