The City of
SAN DIEGO

Park and Recreation Department

October 16, 2017

Park and Recreation Department Recreation Councils

Via Email Only

Subject: Recreation Council Transition

Dear Recreation Council Members:

First, I would like to acknowledge each of you and thank you for the many years of service and work you have done on behalf of your respective communities and the City as a whole. While the change we are faced with in recreation council activities presents a challenge, the change does not take away from the work you have done, nor does it negate the desire we have to continue to partner with you in providing recreation services to our citizens.

Second, I want to thank you for your understanding as we have worked through a set of recommendations to ensure recreation councils can continue to play a valuable role in our park and recreation system. When we met in mid-September, after the issuance of the City Attorney's Office memo referenced below, I had promised to provide additional information to you as it became available. I know there were many unanswered questions but we have tried to communicate through meetings, one-on-one conversations and a presentation to the Park and Recreation Board. There is some frustration with what has been communicated and when it has been communicated. Please know that we have tried to share information as it can be made public.

The information below is somewhat tentative, but does provide a general roadmap as we have it laid out today, and in the spirit of trying to provide as much information as possible, knowing that the roadmap might change, I am communicating with you now. I also acknowledge that not all of the questions many of you have posed can be answered but we are addressing everything that we can. I ask your patience as we work through this transition.

Recreation councils will continue to be our partners although the role of being fiscal agents acting on behalf of the City will need to change. The duties of planning, promoting and the development of community recreation programs, outlined in Council Policy 700-42, will be preserved. We need recreation councils to continue to be a necessary advisory voice in our provision of recreation services to the City and its residents.

The information below summarizes the history of the recreation councils, the reason why changes are needed and the status of our current plans. It will also be shared

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with other stakeholders over the next several weeks as we communicate the changes in recreation council operations. As such, you may see the information in various forms in the coming weeks.

- Recreation councils have been in existence in San Diego since the 1950's; their role and activities have grown significantly over the decades as they have developed from a solely advisory group to the current actions of acting as fiscal agents on behalf of the City in providing recreation services.
- The Park and Recreation Department (Department) values its recreation councils and their decades of volunteer service to the community. The actions taken over the last month represent the need to change operations in light of information and analysis presented by the City Attorney's Office (CAO).
- There is no desire to eliminate or negate the input of recreation councils with these changes. These changes represent the need to ensure recreation council and Department activities remain consistent with City legal requirements.
- The Department has had agreements, currently called Special Use Permits (SUP), with recreation councils for decades. The operations of the recreation councils were further governed by Recreation Council Standard Operating Procedures (SOP), which detailed the requirements under which the recreation council was to operate, and were an attachment to the SUP. The City Attorney's Office has assisted with the drafting and review of the language for the SUP documents as they have been updated and revised, most recently in 2015.
- Upon review of the SOP and SUP for re-issuance in 2015, the City Attorney's office evaluated newly adopted City Prevailing Wage ordinance and other procurement issues in relation to the expenditure of funds received by the recreation council. This lead to a significant revision of the SUP/SOP, which was presented to the recreation councils by the Department in December 2015.
- In 2016, the Doyle Recreation Council contacted the Department to install a replacement playground via a right of entry permit utilizing funds held by the recreation council. The right of entry permit could not be issued because the intended approach to construct the playground did not comply with public works contracting and related requirements for projects funded with City funds. Since the notion that "recreation council funds are City funds" was inconsistent with current operations, the Department asked the City Attorney's Office to provide legal advice concerning the status of funds received by the recreation council in relation to City codes and regulations.
- The City Attorney's Office issued Legal Opinion LO-2017-20 on September 8, 2017. This public memo stated that all funds collected by recreation councils are City funds and therefore subject to Charter and Municipal Code requirements governing the use of City funds.
- In response to the Legal Opinion, the Department developed a list of necessary actions to address the City's compliance with the Charter and Municipal Code

requirements related to the collection, management and expenditure of City funds. Specifically, City funds must be deposited in the City Treasury; therefore, funds previously provided directly to the recreation councils need to be placed in the City Treasury prior to expending those funds.

- Several public meetings regarding recreation councils have been held or will be held, including:
  - During the week of September 18, 2017, Department management met with small groups of recreation council board members to discuss the City Attorney's memo and its impact on recreation council operations. One of the key items discussed at these meetings was that the Department was seeking City Council action to revise the Department's Fee Schedule so that revenue formerly provided to the recreation councils would be redirected to the City, in accordance with City Charter requirements.
  - On September 21, 2017, the Department presented an informational item regarding the Legal Opinion to the Park and Recreation Board.
  - On October 19, 2017, the Department will present the information contained in this letter to the Park and Recreation Board and review proposed actions of the City Council to address the findings of the Legal Opinion.
  - On October 25 and 26, 2017, the Department will present the information contained in this letter to the Area Committees for Community Parks II and Community Parks I. Logistical information for these two meetings is presented toward the end of this letter.
- Currently, the Council President's Office has scheduled the recreation council item for the City Council meeting of October 30, 2017. This date may change, and if it does, staff will notify you accordingly. At this meeting, the Department will seek from the City Council a series of requested resolutions to authorize changes to the Department Fee Schedule that would authorize funds derived from permit/rental surcharges be placed into the City Treasury as required by the City Charter. The action will also request authority for the City to expend these funds to continue services provided by the recreation councils in the communities in which the funds were generated. Specific proposed actions are:
  - That the Park and Recreation Department Fee Schedule is amended to remove all references to "Recreation Council" and each reference to specifically named recreation councils and replace all of those references with "City of San Diego".
  - That the Park and Recreation Department Fee Schedule is amended to authorize the Director of the Park and Recreation Department to establish a category for and set programming fees for individual recreation programs provided at City facilities.

- That the Chief Financial Officer is authorized to appropriate and expend all recreation center area funds, including recreational program and permit revenue.
- That all such funds shall be expended only in the geographical area in which the funds were collected and shall be used exclusively for the continued provision and administration of recreational programming and activities, including City administrative costs.
- That Mayor or his designee is authorized to execute, for and on behalf of the City, assumption agreements with independent contractors currently providing recreation classes and programs at City recreation facilities under contract with the recreation councils.

- The current recreation council Special Use Permits (SUP) expire on December 31, 2017. It is unlikely that an extension to the existing Special Use Permit could be authorized due to the findings of the City Attorneys' memo (LO-2017-20).
- The recreation councils may continue operations "business-as-usual" until the Special Use Permit expires at the end of December 2017.
- Based on the expiration of the SUP's, the Department will set up special revenue funds to accept to fees and revenue. We will work with recreation councils to identify contract service classes and will build capacity in the Department to attempt to address any potential interruption of services. The Department will also access these revenue funds to pay for events such as winter carnivals, movie nights, and other events that were previously funded by the recreation councils. Our goal is to provide the same quality of service at our parks and recreation centers that is experienced today.
- The City will create its own contract service classes program and is doing its upmost to ensure continuity of most services between December 2017 and January 2018. This is an interim process that will carry services forward during the transition.
  - Staff will be contacting each independent contractor to see if the contractor wishes to continue its recreational business within the City structure.
  - Staff's intention is to retain as many of our existing independent contractors as possible, while complying with City contracting requirements.
  - Staff will evaluate the risk potential for each class or activity. This will help determine required insurance limits. Staff will also determine if an insurance pool can be created to help those small contractors who lack insurance or otherwise cannot afford to name the City as additional insured.
  - A competitive process is required for contracts that amount to over $25,000 in a year. The City will evaluate each independent contractor whose cost exceeds this threshold and will determine other methods to retain these contractors into 2018 for continuity.

  - For the next several months, a working group of Department staff will be fully dedicated to this procurement effort to ensure recreational programming and services are not greatly affected by the planned change.

- The Department intends for recreation councils to continue their advisory role. It is the Department's intention that individual recreation councils will continue to advise the City on the types of programs offered, sports field scheduling and prioritization, design of recreation facilities, and the best way to spend limited recreation programming funds, as they do currently.
- There are many models for a new recreation council advisory role, including City Planning Groups, and Maintenance Assessment District advisory committees, where the group advises on expenditures of City funds of various types, and participates in the planning of City activities and facilities. The proper approach for recreation councils will be developed in conjunction with the recreation councils and their respective communities.
- Recreation councils with 501(c)(3) have independent non-profit status. Those non-profits may continue to raise funds separate from the City funds and administer them as they choose.
- The Department may request at mid-year a budgetary adjustment within the General Fund to fund staff positions to manage recreation services with the intent of helping maintain and increase the availability and scope of contract services across the City.
- As noted above, the Department is planning to present the information contained in this letter to the Area Committees (as has been requested by many of you). The first meeting is scheduled for Wednesday, October 25, 2017, at 7:00 p.m. at the War Memorial Building in Balboa Park. If you need directions, please contact your assigned District Manager. This meeting is the regularly scheduled Area II Committee meeting, and all interested members of the public are invited to attend. The second meeting is scheduled for Thursday, October 26, 2017, at 7:00 p.m. at the Nobel Recreation Center, 8810 Judicial Drive, San Diego, 92122. This is a special Area I Committee Meeting. Again, if you need directions, please contact your District Manager. We will discuss the information above, and provide any additional information that may be available between the sending of this letter and that date. We will also provide an opportunity for attendees to ask questions and if an answer is not available, we will log it and get answers out to all as soon as information becomes available.
- The City intends to establish a working group of current recreation council members and interested community members to develop recommendations for a revised Council Policy on recreation councils. Initiation of this group is expected to begin in late fall 2017.

As stated above, additional information will be provided as it becomes available, including dates of meetings to initiate the working group. We value your work, your

input and your role in the community. The role and requirements of recreation councils has changed many times over the course of their existence. It is our goal that this transition will ensure the continued vibrancy of our park and recreation services. You are vital community partners and we are committed to continuing our partnership.

Sincerely,

Herman D. Parker
Park and Recreation Director

cc: Honorable Mayor Kevin L. Faulconer
Honorable City Attorney Mara Elliott
Honorable Council President Myrtle Cole
Honorable Council President Pro Tempore Mark Kersey
Honorable City Councilmembers
David Kinney, Park and Recreation Board Chair
Members of the Park and Recreation Board
Scott Chadwick, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
David Graham, Deputy Chief Operating Officer, Neighborhood Services
Marshall Anderson, Director of Council Affairs, Office of the Mayor
Jen Lebron, Director of Public Safety and Neighborhood Services Policy, Office of the Mayor
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