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Financing and Operating Community, Recreational and Park Facilities Through Joint Recreation Districts

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Overview

A Joint Recreation District (“JRD”) is special-purpose district that can provide community, recreational and park facilities and associated services to the public. A JRD allows for the efficient and focused coordination of such services without placing the burden solely on a municipality, township, county or school district. This is evident through the JRD creation process where political subdivisions can sit down at a table to coordinate the planning and provision of community, recreational and park facilities and associated services and the necessary procedural steps to implement such facilities and services, which may include a wide variety of community, recreational and park facilities and arranging for financing, construction, ownership and operation of such facilities. A major benefit of a JRD is the ability of the cooperating political subdivisions to share the cost of such facilities or services along with the ability of a JRD to separately seek voter approval for a bond issue or tax levy to finance such facilities and/or operating costs.

Who Can Be a Party to a JRD and What is the Procedure for Creating a JRD?

Section 755.14(C) of the R.C. provides the authority to one or more municipalities, townships, counties and school districts to enter into an agreement to establish a JRD² for the purpose of obtaining voter approval for community, recreational and park facilities. The

entities joining together to create a JRD must adopt legislation providing for creation of the JRD. The legislation adopted by the creating governmental entities will be mirror images of each other and will be adopted at approximately the same time. The adopted legislation will set forth the purpose of the JRD and provide the designated number of trustees to serve on the JRD board of trustees, which may be any number as long as there is representation of all participating political subdivisions. The legislation and any related agreement or certificates can and should also include some or all of the following information:

- Name of the JRD.
- Description of the jurisdiction (territory) of the JRD.
- Purpose(s) of the JRD.
- Term of the JRD, which can be as short or as long as agreed to by the political subdivisions creating the JRD (i.e., the term could be for one year from the date of the legislation forming the JRD, unless the voters of the JRD approve a tax levy to provide revenues for the JRD).
- Powers of the JRD (all powers afforded by RC 755.12 to 755.18).
- Board of trustees, including the number of trustees, participating political subdivision trustee appointment powers, terms of the trustees,

procedures for filling vacancies, duties of the trustees, by-laws for the board of trustees, and residency requirements for trustees, if any.

The board of trustees must elect a chair and secretary of the board and all other officers of the board, as deemed necessary by the board of trustees, to serve for a period of one year. As the operating budget allows, the board of trustees may employ persons as needed to operate the district. The board of trustees must also appoint one of its members or employ another person as fiscal officer of the JRD.

Powers of a JRD

The powers of JRDs are defined by Ohio law, and some of those powers include the power to:

- Acquire property for, construct, operate, and maintain any parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, indoor recreation centers, or community centers.
- Equip, operate, and maintain those parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, indoor recreation centers, or community centers and may appropriate money for them.
- Issue bonds for the purpose of acquiring lands or buildings, or extending, enlarging, or improving existing lands, facilities, or buildings for parks, playgrounds, playfields, gymnasiums, swimming pools, public baths, indoor recreation centers, or community centers, and for the equipment thereof.

Issuance of Voted Bonds and Tax Levy

The procedures to be followed in issuing bonds for a JRD are virtually identical to procedures governing issuance of voted bonds by the political subdivisions creating the JRD.

- After creation of the JRD and appointment of the board of trustees, a project budget and estimate of cost is prepared.
- The board of trustees adopts a resolution declaring the necessity of the project and of issuing bonds to finance the project.
- The resolution of necessity is certified to the County Auditor, who will calculate the estimated millage required to pay the bonds.
- Upon receipt of the County Auditor's millage calculation, the board of trustees adopts a resolution determining to proceed with the bond issue.

- The resolution determining to proceed is certified to the Board of Elections not later than 75 days prior to the election.
- On election day, if a majority of the voters approve, the bond issue passes and financing may proceed.

An immediate responsibility of the board of trustees and staff of the JRD will be to develop an operating budget for the facilities (in addition to the construction budget which will provide the basis for the voted bond issue). The operating budget must identify operating costs, such as lease payments to an existing political subdivision for land and existing facilities, if any, management fees, utilities, maintenance and repair costs, etc.

The budget must also identify revenue sources, including user fees, if any. It is very likely that user fees will be insufficient to cover all of the JRD's operating costs, thus an operating subsidy will probably be required. The budget must contain a method whereby the participating political subdivisions or other sources would provide for this subsidy in order to maintain a balanced budget.

Financing construction of the JRD facilities with voted bonds is a great financing tool, but it does not solve the problem of subsidizing operating deficits of the JRD. Use of a voted tax levy, rather than a bond issue, can provide a solution to this problem. Under this approach, the JRD could seek voter approval of a continuing operating levy rather than a voted bond issue.

Following passage of the levy, revenue bonds could be issued by a participating municipality to finance construction of the JRD facilities. These facilities could be leased by a municipality to the JRD. The JRD would make lease payments from proceeds of the operating levy. The levy would be set at a level adequate to cover (1) all payments coming due on the revenue bonds, thus eliminating any cost to political subdivisions participating in the JRD, and (2) projected operating deficits relating to the JRD facilities. Under this method, a single voted tax would cover both the cost of construction and the cost of operation of the new facilities.

Example: Assuming the JRD boundaries were coterminous with the boundaries of the Greenfields School District, with current tax valuation (approximately \$480,000,000) and current interest rates (6%), an operating levy of one-half (1/2) mill

would cover the issuance of approximately \$2,435,000 of twenty-five year bonds to finance construction of JRD facilities and provide approximately \$50,000 per year in additional revenues to subsidize operating costs.

Creation of a JRD and passage of a continuing operating levy can allow a community to construct and operate JRD facilities following voter approval of a single ballot issue. When the bonds are retired, revenues from the operating levy no longer needed to pay bonds can be used to finance additional JRD facilities, can fund other operating expenses, or can be returned to the taxpayers in the form of a reduced levy.

Conclusion

In situations where political subdivisions and communities are enthusiastic about working together, a JRD can provide legitimate options for the financing and operation of community, recreational and park facilities for use by the public. ❖

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² Different sections of the R.C. authorize the creation of entities similar to a JRD. The focus of this article is on a JRD authorized by RC 755.14(C), including the powers authorized in RC 755.12 through 755.18.

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