

Office of the City Auditor

Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds for Fiscal Year 2020

Presentation to the Mission Bay
Improvement Fund Oversight Committee
November 2, 2021





Background

- In 2002, a City Council ordinance established two special funds:
 - Mission Bay Improvement Fund
 - Regional Park Improvement Fund
- These funds received revenue from the Mission Bay leases in excess of \$20 million
- Proposition C passed in 2008, bringing new City Charter requirements.
- Measure J passed in 2016, amending Charter Section 55.2 requirements.



Audit Objectives

- The City Charter requires an annual audit. Each audit report must contain:
 - a complete accounting of all revenues received,
 - the amount and nature of all expenditures, and
 - whether expenditures were consistent and compliant with City Charter requirements.
- Audit objectives include verification that the Fiscal Year 2020:
 - collection,
 - allocation, and
 - use of Mission Bay Park lease revenues are in compliance with City Charter requirements.



The City of San Diego continues to be in compliance with the requirements of Charter Section 55.2.

We found that:

- All Revenue received in FY2020 was properly recorded.
- All Expenditures charged to the improvement funds were consistent and in compliance with the City Charter.
- Both Improvement Fund oversight committees are being provided the necessary information to carry out their charge and they are meeting regularly in compliance with the City Charter.



FY 2020 Mission Bay Park Lease Revenue

The adjusted Mission Bay lease revenue totaled \$25,879,922.

Fund Name	Allocation Breakdown in excess of the threshold	FY 2020 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or \$3.5 million, whichever is greater, in excess of the \$20 million threshold	\$3,500,000
Mission Bay Park Improvement Fund	65% of the excess over the \$20 million threshold, if less than the 65% then, the remainder after the San Diego Regional Parks allocation	\$2,379,922



FY 2020 Financial Activity

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 revenues exceeding expenditures as of June 30, 2019	\$ 42,785,955	\$ 18,210,149
Revenue, excluding unrealized gains and losses	\$ 3,333,430	\$ 3,831,994
Expenses, net of depreciation	\$ <7,346,290>	\$ <7,488,806>
Revenue exceeding expenditures as of June 30, 2020	\$ 38,773,095	\$ 14,553,337



Finding 1: Real Estate Assets Department is not properly staffed for managing Mission Bay Park Leaseholds

- A full-time position that used to manage this area was eliminated from the FY2021 Budget
- No site visits were completed during the audit period.
- Additional review requirements have been added by the State when leases come up for renewal.

RECOMMENDATION:

- The department put a plan together to ensure this area is properly staffed to effectively manage the leaseholds.
 - **Department Response:**
 - A program manager was hired to oversee the portfolio and supervise staff.
 - The department received approval to fill an additional agent position to assist and is currently working to fill it.



Finding 2: Mission Bay Park Committee Member with Term exceeding 8 consecutive years

Based on information available during audit:

	Appointment Date	Last Meeting Attended	Duration
District 6 Member	12/17/2009	4/6/2021	11.3 Years

- The Municipal Code states the maximum term for this committee is 8 consecutive years.
- The City Attorney's Office advised that the Municipal Code and State Law allow for Advisory Board members whose terms have expired to continue serving until a replacement is appointed.
- **RECOMMENDATION:**
 - The Office of the Boards and Commissions either request revision to Municipal Code Section 26.30 (C)(4) which specifically states members shall serve a maximum of eight consecutive years and an interval of four years must pass before being reappointed, or replace the committee member.



Conclusion

- Mission Bay Rents were accounted for and appropriately allocated \$5,879,922 to the respective Improvement Funds.
- We found that the FY 2020 Mission Bay Improvement Fund charter expenditures of \$7,346,290 and Regional Parks Improvement Fund charter expenditures of \$7,488,806 were allowable, appropriate and complied with Charter requirements.
- We found that Real Estate Assets was not properly staffed to effectively manage the leaseholds on Mission Bay Park lands.
- We found 1 Mission Bay Park Committee member currently serving has exceeded the maximum term limit pursuant to the Municipal Code.



We request that the Committee
accept the audit report.