



REPORT TO THE BALBOA PARK COMMITTEE

DATE ISSUED: July 6, 2016 REPORT NO. 501

ATTENTION: Members of the Balboa Park Committee

SUBJECT: Consideration of a potential ballot measure to extend Charter Section 55.2 to preserve and prioritize capital investment in Mission Bay Park and Regional Parks for an additional 30 years, provide clarifying language to expedite priority project completion and implement cash management best practices, and modify the disbursement formula to provide additional resources for Balboa Park and other Regional Parks

REQUESTED ACTION:

None; this is information only.

STAFF RECOMMENDATION:

None; this is information only.

BACKGROUND

San Diego voters approved Proposition C (Prop C) on November 4, 2008 with 66.94% of vote. Prop C amended the City Charter by adding Section 55.2. This section designates the use of a portion of the lease revenue from Mission Bay Park for capital improvements in Mission Bay Park and for other Regional Parks. The measure states that Mission Bay Park lease revenue above a threshold amount will be restricted for capital improvements in parks outlined in the charter section. Prop C created the Regional Park(s) Improvement Fund and the Mission Bay Park Improvement Fund and respective Oversight Committees to govern the disbursement of these funds and provide effective oversight. The formula for fund distribution is:

“Twenty-five percent (25%) of the Mission Bay Park Lease Revenues in excess of the threshold amount, or two million five hundred thousand dollars (\$2,500,000) whichever is greater, shall be allocated to the San Diego Regional Parks Improvement Fund that solely benefits the San Diego Regional Parks and seventy-five percent (75%) of the Mission Bay Park Lease Revenues over the threshold amount, or the remainder of those revenues if less than 75% is available after the allocation to the San Diego Regional Parks Improvement”

Beginning fiscal year 2010 and ending fiscal year 2014, the threshold amount was \$23 million. As of Fiscal Year 2015, \$20 million is the threshold amount and it will remain \$20 million for the duration of the measure which currently expire in 2039.

Lease revenues over the past three years have been averaging around \$30 million annually. For example, given the change to the threshold (from \$23 million to \$20 million) in Fiscal Year 2015, an allocation of \$20 million has been transferred to the City's General Fund, and the remaining approximately \$10 million has been transferred to the Regional Park Improvement Fund and the Mission Bay Park Improvement Fund. Of the \$10 million, 25% or \$2.5 million is transferred to the Regional Park Improvement Fund. The remaining 75% or \$7.5 million is transferred to the Mission Bay Park Improvement Fund.

DISCUSSION

A proposed ballot measure to modify Charter Section 55.2 as related to the Regional Park Improvement Fund and Mission Bay Park Improvement Fund would achieve the following goals:

- Preserve and prioritize capital investment in Mission Bay Park and Regional Parks for an additional 30 years
- Provide clarifying language to expedite priority project completion and implement cash management best practices
- Modify the disbursement formula to provide additional resources for Balboa Park and other Regional Parks

Extension of Prop C to Expire in 2069

The proposed ballot language seeks to extend Proposition C to ensure continued capital investment in Mission Bay Park and other Regional Parks. An extension will also allow for the lease revenues to be leveraged for capital projects. Currently, Proposition C will expire in 2039. Extending the measure will provide sufficient repayment capacity from lease revenue to bond for a 30-year period. Without an extension, capital investments would be required to be cash financed on a pay-as-you-go basis or, size a bond issue at less than the customary term of 30 years.

Prop C includes specific language stating: "This Section shall take effect and be in force on July 1, 2009, and will expire on June 30, 2039. Before the expiration of this Section, the City Council shall place on the ballot no later than the last regularly scheduled election prior to June 30, 2039 a measure to amend the Charter to extend the effect of this Section for an additional 30 years."

The proposed action to extend the initiative is consistent with the intent of voters. By moving forward with the extension at this time, it will respond to the requirement to place an extension before voters to consider an extension of the measure and provide sufficient time to develop a comprehensive financing plan to fund capital needs for Mission Bay Park and other Regional Parks.

Clarifying Language to Expedite Priority Project Completion, Implement Cash Management Best Practices

Section 55.2(c)(1)(A-G) lists the capital improvement projects in the priority order in which they are to be completed in the Mission Bay Park Improvement Zone. Projects include efforts “to restore wetlands, wildlife habitat, and other environmental assets within the Improvement Zone; to preserve the beneficial uses of the Improvement Zone including, but not limited to, water quality, boating, swimming, fishing, and picnicking by maintaining navigable waters and eliminating navigational hazards; to restore embankments and other erosion control features; and to improve the conditions of the Improvement Zone for the benefit and enjoyment of residents and visitors, consistent with the Mission Bay Park Master Plan.”

Section 55.2(c)(2) requires a project on the priority list to be budgeted and approved by the City Council, and a funding plan adopted for it before work may begin on a subsequent priority project provided construction of a lesser priority does not unreasonably delay, prolong, or preclude completion of a greater priority.

In the interest of proceeding with the identified projects as expeditiously as possible, the Park and Recreation Department has begun work on creating an initial ten-year implementation plan that pursues multiple projects simultaneously while conforming to the sequencing requirements of the Charter.

However, many of the projects contained on the priority list are such that long lead times will be required before construction can begin. Considerations regarding precise scopes of work, extensive environmental analysis, and multiple outside regulatory agency approvals contribute to an already-complex permitting process required for these types of capital projects.

Resource agency staff is aware of the overall Program prescribed by Charter Section 55.2 and is asking for a more comprehensive environmental review of how each of the priority projects relate to each other in an effort to understand the cumulative impacts of the priority list as a whole. This effort will require pursuing a Programmatic Environmental Impact Report (EIR) that considers the priority list as a series of interrelated projects. This effort is particularly relevant for the first four priorities prescribed in Charter Section 55.2, since they will require extensive environmental analysis.

It is also important to note that several of the projects within the first four priorities are located in areas that are currently the subject of Master Plan revisions, specifically Fiesta Island and DeAnza Cove and therefore, cannot be initiated until the adoption of those plans and the conclusion of the corresponding environmental documents.

Due to the rate of lease revenue received from Mission Bay Park, the Improvement Fund realizes substantial revenue that is estimated at approximately \$6.1 million for Fiscal Year 2016. The Mayor’s Five-Year Financial Outlook (Fiscal Year 2017 to 2021) anticipates this revenue to increase during future years in the projection period.

Fiscal Year	Funding	Fiscal Year	Funding
2010	\$0	2018	\$7.7 million estimated
2011	\$0	2019	\$8.2 million estimated
2012	\$2.4 million received	2020	\$8.6 million estimated
2013	\$5.4 million received	2021	\$8.5 million estimated
2014	\$4.3 million received	2022	\$8.5 million estimated
2015	\$7.0 million received	2023	\$8.5 million estimated
2016	\$6.1 million estimated	2024	\$8.5 million estimated
2017	\$7.2 million estimated	2025	\$8.5 million estimated

To ensure these funds are maximally deployed to several projects concurrently and in keeping with best cash management practices the proposed extension of Prop C provides clarifying language that staff believes will help with a timely and more efficient execution of the priority projects. The numbers reflected here are annual revenues and do not reflect carry forward from previous fiscal years.

As of May 10, 2016, there was a cash balance of \$18,961,118, with \$12,647,859 not currently budgeted in projects and available to spend. The addition of clarifying language would allow for more projects to be initiated concurrently, reduce the incidence of high cash accruals in the Mission Bay Park Improvement Fund, and expedite the completion of much needed deferred capital maintenance projects such as playgrounds and comfort stations that members of the public frequently request.

Status of Charter Section 55.2 Priority Projects

- **Priority 1: Dredging**
 The top priority project listed in Charter Section 55.2(c)(1) is the restoration of navigable waters by dredging those areas deemed to be hazardous. The project is considered fully funded with \$7,849,147 allocated. It is currently budgeted as Project AGF00004, Sublet B10163. The scope of work for dredging includes key navigational routes within Mission Bay, including Sail Bay.

Staff began work on this project in 2012 with a consultant study and a series of planning meetings. The project will directly impact 30 acres of eelgrass habitat, which must be mitigated at a 1.2:1 ratio. Overall, the project represents the largest eelgrass habitat impact ever proposed for a dredging project on the West Coast. In fact, the majority of the implementation cost for this project will be for eelgrass mitigation and monitoring.

Even without a Program EIR, staff anticipates that the dredging project requires environmental permits in accordance with the California Environmental Quality Act (CEQA). The Program EIR would replace a project-level EIR for the dredging project. Once the Program EIR that covers the dredging project is complete, Public Works staff would advertise and award a construction contract. Staff anticipates that dredging and eelgrass mitigation would commence in 2018.

- **Priority 2: Wetland Expansion and Water Quality Improvements**
The proposed ten-year funding plan proposes to move forward on initial studies and design of the Tecolote Creek wetland, the Fiesta Island causeway tidal culverts, and the wetland near the Former Visitor's Information Center because these projects would not be impacted by ongoing planning efforts associated with Fiesta Island and DeAnza. The most costly of the Priority 2 projects – the Rose Creek Wetlands project – is directly linked to the DeAnza Special Study, and design could not begin until the study is completed in Fiscal Year 2019.
- **Priority 3: Restoration of Shoreline Treatments**
Staff proposes to initiate a comprehensive study to fully analyze those areas within the Improvement Zone that require shoreline stabilization and/or restoration. As such, the ten-year plan proposes a \$250,000 allocation in CIP Fiscal Year 2017 for consultant evaluation and project scoping. Construction would be scheduled and funded for CIP Fiscal Year 2020, assuming the study would require some level of permitting and design beyond that provided in the Program EIR. Such a study should also include project-specific cost estimates and phasing proposals.
- **Priority 4: Expansion of Endangered or Threatened Species Preserves**
The fourth priority addresses “expansion of endangered or threatened species preserves and upland habitats on North Fiesta Island and along the levee of the San Diego River floodway as identified in the Mission Bay Park Master Plan.” The ten-year plan proposes a \$100,000 allocation in CIP Fiscal Year 2017 for consultant evaluation and project scoping, perhaps in coordination with the GDP effort. Construction would be scheduled and funded for CIP Fiscal Year 2020, assuming the study would require some level of permitting and design. Such a study should also include cost estimates and phasing proposals.

Proposal to Combine Priorities 5, 6, 7 to Expedite Completion of Multiple Projects

The final priority projects outlined in Charter Section 55.2 all refer to critical deferred maintenance capital projects within the Improvement Zone that need to be completed including completion of bicycle and pedestrian paths and bridges as identified in the Mission Bay Park Master Plan, installation of sustainable lighting in

the Improvement Zone, installation of signage and landscaping at points of entry to MBP and South Shores, and the repair, resurfacing and restriping of parking lots. Completion of the North Ocean Beach Gateway pathway as well as renovating the Santa Clara and Robb Field Recreation Centers and Robb Field's Howard Hall have also been added to the projects list.

By combing the three final priorities, it will allow for more efficient phasing of projects, allow for multiple projects to be initiated concurrently and provide for greater public input in the range of public improvements to be selected by the Mission Bay Oversight Committee.

For example, the sixth priority project is to restore the seawall bulkhead located along Oceanfront Walk. This will be a multi-year effort due to constraints, such as a summer construction moratorium in Mission Beach between Memorial Day and Labor Day that will impact the project timeline. It would also be impractical to replace all sections of the bulkhead at one time. To minimize disruptions to the community and visitors, the bulkhead must be replaced in incremental portions over the span of years. The current language in Charter Section 55.2 would make it challenging to begin another project while the restoration of the bulkhead is constructed in phases.

Additional Resources for Regional Parks such as Balboa Park

The proposal includes a modification to the formula that defines the fund disbursement to allow for additional resources to be made available for Balboa Park and other regional parks. The formula would change, so that 35% or \$3.5 million, whichever is higher would be disbursed to the Regional Parks Improvement Fund prior to the disbursement to the Mission Bay Park Improvement Fund. This is compared to the current formula which is 25% or \$2.5 million, whichever is greater, is disbursed to the Regional Parks Fund. An estimated \$3.5 million annually (an approximate increase of \$1.0 million from the \$2.5 million received annually) would allow for a \$44 million regional park investment should that revenue stream be leveraged with the issuance of a 30- year bond. Staff has carefully analyzed the remaining priority projects outlined in Charter Section 55.2 and feel confident that none of these projects will be delayed or impacted with this change in the disbursement formula.

Conclusion

The proposed extension to Charter Section 55.2 will guarantee a long term funding source for Mission Bay Park, Balboa Park and other Regional Parks, provide the ability to optimally finance long-term improvements, and will more efficiently pair project expenditures with annual cash flows preventing the accrual of large cash balances. Because of the more efficient cash management practices, there are sufficient resources to fund all of the priority projects outlined in Charter Section 55.2 without any delay and add additional resources to the cultural and historic heart of the City, Balboa Park and other regional parks.

Page 7

July 6, 2016

Item 501 – Proposed City Charter Section 55.2 Amendments

CITY STRATEGIC PLAN GOAL(S)/OBJECTIVE(S):

Goal # 2: Work in partnership with all of our communities to achieve safe and livable neighborhoods

Objective #3: Invest in infrastructure

FISCAL CONSIDERATIONS:

Implementation of this ballot measure would enhance cash management and would expedite project delivery.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (if applicable): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTIONS:

On June 25, 2008, the Rules Committee voted to refer then-proposed City Charter Section 55.2 to the full City Council for consideration.

On July 28, 2008, the City Council voted to place then-proposed City Charter Section 55.2 on the November 2008 ballot.

On June 30, 2016, the Infrastructure Committee voted to refer the proposed ballot initiative to revise City Charter Section 55.2 to the full City Council for consideration.

COMMUNITY PARTICIPATION AND OUTREACH EFFORTS:

During the month of July, Staff will present this proposed ballot initiative to the Balboa Park Committee, Mission Bay Park Committee, and Park and Recreation Board. The latter two will receive this information in their role as the oversight committees for the two improvement funds in accordance with Charter Section 55.2.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The extension of City Charter Section 55.2 will ensure the preservation of San Diego's beloved Regional Parks by improving project cash management, modifying the allocation formula, and allow for potential bonding of Mission Bay lease revenue.

Respectfully Submitted,



Herman D. Parker
Director, Park and Recreation

Attachment:

1. Proposed Amendments to Charter Section 55.2

CITY CHARTER SECTION 55.2

Section 55.2: Mission Bay Park and Regional Parks Improvement Funds

(a) For the purpose of this Section, the following definitions shall apply and the words shall appear in italics:

(1) *Capital Improvement* means physical assets, constructed or purchased, or the restoration of some aspect of a physical or natural asset that will increase its useful life by one year or more or which constitutes an environmental improvement of a natural asset.

(2) *Mission Bay Baseline Chart* shall be defined as the Mission Bay dredging plans on file with the City Clerk as Document No. OO-19776. It shall serve as the baseline for depths for navigable waters within Mission Bay. Depths may be increased or decreased for specific areas within Mission Bay only if, after review of these areas by the San Diego Fire Department or the *Mission Bay Park Improvement Fund Oversight Committee*, it is found that either the original depth no longer supports or ensures safe navigation, is inconsistent with the *Mission Bay Park Master Plan*, or needs to be modified in order to create sustainable shorelines. Any changes must be adopted by ordinance of the City Council and shall act as amendments to the original dredging plans.

(3) *Mission Bay Park* means the area described in the Mission Bay Park Record of Survey 16891, filed on February 28, 2001, in the Office of the County Recorder as File No. 2001-0113422.

(4) *Mission Bay Park Improvement Zone* means those areas encompassed within the boundaries of *Mission Bay Park*, Oceanfront Walk from the Mission Bay jetty to Crystal Pier and the adjoining seawall, coastal parks and ocean beaches contiguous thereto, Rose Creek from its terminus in Mission Bay to the southern end of the Santa Fe Road flood control channel, Tecolote Creek from its terminus in Mission Bay to the western end of the Tecolote Creek flood control channel and the San Diego River as it passes through the boundaries of *Mission Bay Park* as described herein. The boundaries of the San Diego River, Rose Creek and Tecolote Creek shall be the width of those waterways to the nearest property line.

(5) *Mission Bay Park Improvement Fund* means a separate interest bearing monetary fund maintained by the City of San Diego to receive and spend the *Mission Bay Park Lease Revenues* identified herein for the benefit of the *Mission Bay Park Improvement Zone*.

(6) *Mission Bay Park Improvement Fund Oversight Committee* means the committee determined by ordinance of the City Council to carry out the oversight responsibilities described herein.

(7) *Mission Bay Park Lease Revenues* means all revenues collected by the City of San Diego from commercial and non-profit sources within *Mission Bay Park*, including but not limited to all monetary consideration received under leases of city owned property within *Mission Bay Park*, as well as revenue collected from contracts for concessions or any other revenues collected for the use of city owned property within *Mission Bay Park*. The term does not include revenue from the Mission Bay Golf Course, unless privately leased; mooring fees; any revenues from taxes including but not limited to Transient Occupancy Taxes, sales taxes, possessory interest taxes, property taxes; or permit fees such as park and recreation fees or special event fees to the extent those fees are levied to recover actual costs incurred by the City of San Diego.

(8) *Mission Bay Park Master Plan* means the Master Plan adopted by the City Council for Mission Bay Park in 1994, the Natural Resources Management Plan, and any amendments or updates that are subsequently adopted by the City Council or any such similar replacement plan that may be subsequently adopted by the City Council. For purposes of this Section, the definition shall also include adopted plans for areas located within the *Mission Bay Park Improvement Zone*.

(9) *San Diego Regional Parks* means those parks that serve regional residents and/or visitor populations as determined by ordinance of the City Council. *San Diego Regional Parks* shall initially include Chollas Lake Park, Balboa Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches along with coastal parks contiguous thereto. For the purposes of this Section, this definition shall specifically exclude the *Mission Bay Park Improvement Zone*.

(10) *San Diego Regional Parks Improvement Fund* means a separate interest bearing monetary fund maintained by the City of San Diego to receive and spend the *Mission Bay Park Lease Revenues* identified herein for the benefit of the *San Diego Regional Parks*.

(11) *San Diego Regional Parks Improvement Fund Oversight Committee* means the committee determined by ordinance of the City Council to carry out the oversight responsibilities described herein.

(b) Subject to the City of San Diego's State law obligations as a trustee of tidelands within Mission Bay Park, Mission Bay Park Lease Revenues up to the threshold amount in each fiscal year shall be deposited into the San Diego General Fund and may be used for any municipal purpose, including but not limited to, police, fire, streets,

sewers, water delivery, roads, bridges, and operation of parks. All *Mission Bay Park Lease Revenues* in excess of the threshold amount shall be allocated in the City of San Diego budget to two distinct funds. ~~Twenty~~Thirty-five percent (~~23~~35%) of the *Mission Bay Park Lease Revenues* in excess of the threshold amount, or ~~two~~three million five hundred thousand dollars (\$~~23~~35,000,000) whichever is greater, shall be allocated to the *San Diego Regional Parks Improvement Fund* that solely benefits the *San Diego Regional Parks* and ~~seventy~~seventy~~sixty~~sixty-five percent (~~76~~76%) of the *Mission Bay Park Lease Revenues* over the threshold amount, or the remainder of those revenues if less than ~~76~~76% is available after the allocation to the *San Diego Regional Parks Improvement Fund*, shall be allocated to the *Mission Bay Park Improvement Fund* that solely benefits the *Mission Bay Park Improvement Zone*. The threshold amount shall be \$23 million beginning fiscal year 2010 and ending fiscal year 2014. The threshold amount shall be \$20 million beginning fiscal year 2015 and shall remain \$20 million thereafter.

(c) Funds in the *Mission Bay Park Improvement Fund* may be expended only in the *Mission Bay Park Improvement Zone*, to restore wetlands, wildlife habitat, and other environmental assets within the *Mission Bay Park Improvement Zone*; to preserve the beneficial uses of the *Mission Bay Park Improvement Zone* including, but not limited to, water quality, boating, swimming, fishing, and picnicking by maintaining navigable waters and eliminating navigational hazards; to restore embankments and other erosion control features; and to improve the conditions of the *Mission Bay Park Improvement Zone* for the benefit and enjoyment of residents and visitors, consistent with the *Mission Bay Park Master Plan*.

(1) To achieve these goals, all of the following identified priorities are intended to be authorized, ~~funded, and completed~~ have a funding plan adopted by City Council, and proceed to completion in the order provided below, subject to section (c)(2) below authorizing projects to proceed concurrently:

(A) Restoration of navigable waters within *Mission Bay Park* and elimination of navigational hazards. When depth conditions no longer support and ensure safe navigation, those areas that pose a danger or impede the passage of watercraft shall be dredged in accordance with the *Mission Bay Baseline Chart*.

(B) Wetland expansion and water quality improvements and the protection and expansion of eelgrass beds as identified in the *Mission Bay Park Master Plan*.

(C) Restoration of shoreline treatments within the *Mission Bay Park Improvement Zone* including restoration of beach sand and stabilization of erosion control features.

(D) Expansion of endangered or threatened species preserves and upland habitats on North Fiesta Island and along the levee of the San Diego River floodway as identified in the *Mission Bay Park Master Plan*.

(E) Deferred maintenance projects that are also Capital Improvements within the Mission Bay Park Improvement Zone as may be recommended by the Mission Bay Park Improvement Fund Oversight Committee and approved by the City Council such as, but not limited to, completion of bicycle and pedestrian paths and bridges as identified in the Mission Bay Park Master Plan, installation of sustainable lighting in the Mission Bay Park Improvement Zone, installation of signage and landscaping at points of entry to Mission Bay Park and the South Shores, and the repair, resurfacing and restriping of parking lots within the Mission Bay Park Improvement Zone, the repair of playgrounds and comfort stations, and the restoration of the seawall and bulkhead on Oceanfront Walk to a condition no less than the quality of restoration previously performed in 1998 from Thomas Street to Pacific Beach Drive or to conditions as may be required by historic standards.

~~(F) Restoration of the seawall bulkhead on Oceanfront Walk to a condition no less than the quality of restoration previously performed in 1998 from Thomas Street to Pacific Beach Drive or to conditions as may be required by historic standards.~~

~~(G) Deferred maintenance that are also Capital Improvements hereunder on existing assets within the Mission Bay Improvement Zone as may be recommended by the Mission Bay Park Improvement Fund Oversight Committee and approved by the City Council.~~

(2) After each priority project identified in (c)(1)(A-GE) above has been budgeted and approved by the City Council and authorized and has a funding plan adopted for it by City Council, funds may be committed to and expended on a subsequent project of a lesser priority and construction of a subsequent project may proceed concurrently with a greater priority project provided construction of a lesser priority project does not unreasonably delay, prolong, or preclude completion of a greater priority project. ~~To the extent funds become available from grants or other sources for a lower priority before a higher priority has been completed, or in the event of substantial delay in proceeding with a higher priority, funds may be committed to the next lower priority in the order set forth in (c)(1)(A-G), provided such expenditure of a lesser priority does not unreasonably delay, prolong, or preclude completion of a greater priority.~~ The City Council shall be required to make findings that completion of a ~~higher~~ greater priority project will not be unreasonably delayed, ~~prolonged, or precluded~~ by expending funds on a ~~lower~~ lesser priority project before approving said expenditure.

(3) Once the projects identified in (c)(1)(A-GE) have been fully budgeted and adopted funding plan or a project is completed, additional projects shall be prioritized and funded only for *Capital Improvements* as identified in the *Mission Bay Park Master Plan*, recommended by the *Mission Bay Park Improvement Fund Oversight Committee*, and approved by the City Council.

(4) To the extent items (c)(1)(A-GE) ~~that have been completed herein~~ require additional funding or are later in need of additional *Capital Improvements*, then those items shall again have priority over other *Capital Improvements* only if approved by the City Council.

(5) Except as may be specifically authorized above in this subsection, funds in the *Mission Bay Park Improvement Fund* may not be expended for commercial enterprises or improvements of leasehold interests; for any costs associated with utilities, including, but not limited to, water and sewage; or for roads, vehicle bridges, or vehicular ramps; or on costs that cannot be capitalized; or on daily, weekly, monthly, or annual upkeep of the *Mission Bay Park Improvement Zone* and there shall be no expenditure for contracted labor or services or for city employee salaries, pensions or benefits unless those expenses can be capitalized, and only then at the then standard rates used by the City of San Diego for all other capital improvement projects.

(d) Funds in the *San Diego Regional Parks Improvement Fund* may be expended only for non-commercial public *Capital Improvements* for the *San Diego Regional Parks* and only for park uses. Funds in the *San Diego Regional Parks Improvement Fund* may not be expended for commercial enterprises or improvements of leasehold interests; for any costs associated with utilities, including, but not limited to, water and sewage; or for roads, vehicle bridges, or vehicular ramps; or on daily, weekly, monthly, or annual upkeep of the *San Diego Regional Parks*. Priority for *Capital Improvements* hereunder shall be recommended by the *San Diego Regional Parks Improvement Fund Oversight Committee*, in accordance with the master plans for each of the *San Diego Regional Parks*, and approved by the City Council.

(e) The *Mission Bay Park Improvement Fund Oversight Committee* and the *San Diego Regional Parks Improvement Fund Oversight Committee* shall meet at least quarterly to audit and review the implementation of this Charter Section, to recommend priorities for expenditures and *Capital Improvements* hereunder in accordance with the master plans for each of the *San Diego Regional Parks* or with the *Mission Bay Park Master Plan* or within the priorities identified in (c)(1)(A-GE), as applicable; and to verify that the appropriate funds are collected, segregated, retained and allocated according to the intent of this Section, and spent as prioritized in this Section and consistent herewith.

The San Diego City Auditor, in cooperation with each committee, shall establish and oversee a mechanism to ensure public accountability by effectively reporting and communicating the extent and nature of revenues, expenses and improvements generated hereunder and compliance with the requirements outlined herein. This shall include, at a minimum, an annual audit report to the Mayor, City Council and public. Each report shall, at a minimum, contain a complete accounting of all

revenues received, the amount and nature of all expenditures, a report as to whether in each committee's view the expenditures have been consistent with the priorities and provisions hereof, whether the City of San Diego has complied with sections (c)(2), (d), (f), (g) and (h). In the event that either committee finds that there has been a violation of this Charter Section by the City of San Diego, it should set forth the alleged violation in a written communication to the City Manager and members of the San Diego City Council. If the alleged violation is not resolved to the satisfaction of the aggrieved committee within 30 days, the San Diego City Council shall docket an action item for a public meeting of the San Diego City Council within 60 days. If evidence presented to the San Diego City Council by the aggrieved committee establishes a violation of this Section, the San Diego City Council shall forthwith cure the violation including but not limited to the restoration of inappropriately expended funds.

(f) The City of San Diego shall take all steps necessary to ensure the collection and retention of all *Mission Bay Park Lease Revenues* for purposes described herein and to utilize those revenues only for the purposes described herein and consistent with the priorities and intentions described herein. The City of San Diego may issue bonds, notes or other obligations to expedite the *Capital Improvements* contemplated herein, utilizing the revenue stream from *Mission Bay Park Lease Revenues* designated herein.

(g) The annual budgets allocated for park operations and maintenance in the *Mission Bay Park Improvement Zone* and the *San Diego Regional Parks* shall not be reduced at a greater rate or increased at a lesser rate relative to the overall annual budget of park and recreation as a result of monies available hereunder.

(h) The City of San Diego is encouraged to seek other sources of funding for the purposes of improving the *Mission Bay Park Improvement Zone* and the *San Diego Regional Parks*, including but not limited to grant funding from other governmental agencies, private individuals, or foundations. In the event the City of San Diego receives any such additional funds, they shall be in addition to, and shall not offset or reduce funds dedicated to the *Mission Bay Park Improvement Fund* or *San Diego Regional Parks Fund* under this Section.

(i) Nothing contained herein shall prevent the City of San Diego from spending funds in excess of the *Mission Bay Park Improvement Fund* or *San Diego Regional Parks Fund* for the purposes of improving the *Mission Bay Park Improvement Zone* or the *San Diego Regional Parks*.

(j) This Section shall take effect and be in force on July 1, 2009, and will expire on June 30, 20369. Before the expiration of this Section, the City Council shall place on the ballot no later than the last regularly scheduled election prior to June 30, 20369

a measure to amend the Charter to extend the effect of this Section for an additional 30 years.

(k) In the event of a conflict between any provision of Section 55.2 and any other provision of this Charter or the Municipal Code, Section 55.2 shall govern.

(Addition voted 11-04-2008; effective 12-16-2008.)