

Office of the City Auditor

Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds for Fiscal Year 2023

Presentation to the Regional Park Improvement Fund Committee
February 20, 2025



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.

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 2023:

- Collection;
- Allocation; and
- Use of Mission Bay Park lease revenues are in compliance with City Charter requirements.

We found that:

- All Revenue received in FY2023 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 information to carry out their charge and they are meeting regularly in compliance with the City Charter.

FY2023 Mission Bay Park Lease Revenue

The adjusted Mission Bay lease revenue totaled \$38,881,660.

Fund Name	Allocation Breakdown in excess of the threshold	FY2021 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or \$3.5 million, whichever is greater, in excess of the \$20 million threshold	\$ 6,608,581
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	\$ 12,273,079

FY2023 Financial Activity

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 Beginning Balance as of June 30, 2022	\$ 36,103,819	\$ 12,915,000
Revenue, excluding unrealized gains and losses (Includes Interest & Penalties)	\$ 12,801,956	\$ 6,814,165
Expenditures, net of depreciation	\$ <7,678,735>	\$ <1,507,612>
Ending Balance as of June 30, 2023	\$ 41,227,040	\$ 18,221,553

Other Pertinent Information



The City is completing projects funded by these lease Revenues as managed by the Parks and Recreation Department and the Engineering & Capital Projects Department.

Exhibit 4

Capital Improvement Project Post Charter Execution as of June 30, 2023

	Mission Bay Improvement Fund	Regional Parks Improvement Fund	TOTAL
Total Revenue Available	\$ 80,991,749	\$ 48,062,766	\$ 129,054,515
Capital Project Expenditures	39,764,709	29,841,313	69,606,022
Unexpended Revenue Allocated to Specific Projects	35,077,570	14,416,653	49,494,223
Unallocated Revenue	\$ 6,149,470	\$ 3,804,800	\$ 9,954,270
Number of Capital Projects Completed	17	25	42
Number of Capital Projects in Bid/Award phase or currently under Construction	10	5	15
Number of Capital Projects In Planning or Design	17	19	36
Number of Capital Projects Canceled	3	2	5
Total Number of Capital Projects	47	51	98

Other Pertinent Information

This is one of five new Playground Facilities now available for public use on Mission Bay.



Other Pertinent Information

The San Diego Regional Parks Improvement Fund paid 70% of the cost of renovations to Bud Kearns Memorial Pool.



Recommendations Implemented:

Recommendation 3: Regular site visits should be conducted of leased properties.

The department has completed at least 11 site visits during the past 12-month period. This is on pace to exceed the minimum frequency of once every 3 years for leased properties on Mission Bay Lands. The Property Inspection Reports that document the site visits now include the recommended visual site inspections to ensure lease compliance in accordance with the list included in Recommendation 3.

Recommendation 4: Lessees should be required to submit annual rent rolls to the City to help identify expiring or non-approved subleases.

The department received the revised language for section 2.6 of the standard lease template from the City Attorney's office. This section requires a Sublease Update Package at least once each Lease Year. The language will be included in all new leases or amendments to leases.

Recommendations In Process (Management has agreed to implement both of them):

Recommendation 5: A Facility Condition Inspection clause should be included in future leases involving in-water improvements to ensure that docks, piers, or marinas are being properly maintained.

Draft clause language has been prepared and this recommendation will be considered implemented once it is incorporated into a lease with in-water improvements. The department is in active negotiations on a lease with in-water improvements.

Recommendation 7: The Office of Boards and Commissions should bring appointment & reappointment resolutions to City Council in a timely manner to maintain active standing of the members.


For the Mission Bay Park Committee, there have been five new appointments and four reappointments, but currently there are two members serving under expired terms with one of those in excess of the eight-year maximum term. The Park and Recreation Board is fully staffed, and all members are currently in active status.

- Mission Bay Rents were accounted for and appropriately allocated in the amount of \$19,616,121 (including interest and penalties) to the appropriate Improvement Funds.
- We found that the FY2023 Mission Bay Improvement Fund charter expenditures of \$7,678,735 and Regional Parks Improvement Fund charter expenditures of \$1,507,612 were allowable, appropriate, and complied with Charter requirements.
- We found that two of the four remaining audit recommendations from the FY2021 audit have been implemented. Improvements can be made by implementing these two remaining recommendations.


Questions?




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