MANAGEMENT OF THE UPTOWN COMMUNITY PARKING DISTRICT

INTRODUCTION

The 2009/2010 San Diego County Grand Jury received a citizen's complaint regarding the Uptown Partnership, Inc. (Uptown Partnership). The City of San Diego (City) contracts annually with the Uptown Partnership to administer the parking meter revenue allocated to the Uptown Community Parking District (UCPD). The UCPD is one of six established parking districts in the City. From FY 1999 to FY 2009, the administrative salaries and non-project expenses used to sustain Uptown Partnership totaled approximately $3.2 million.

The complaint alleged:

- Between FY 1999 and FY 2009, 40% of Uptown Partnership's allocated expenditures have been for salaries and overhead.
- The Uptown Partnership mismanaged parking revenue resulting in waste and excessive overhead that did not significantly improve or increase the availability of public parking.
- A lack of transparency of Uptown Partnership records makes it difficult for the public to obtain and understand the financial records.
- The Uptown Partnership's efforts to obtain required local stakeholder input are not effective and do not reflect information from a broad representation of the community.

The Uptown Partnership was incorporated in February 1999 as a tax-exempt, nonprofit corporation as described in the Internal Revenue Code [26 United States Code §501(c)(3)]. The Uptown Partnership was formed exclusively to manage the UCPD. The Uptown Partnership is governed by a volunteer board of directors and managed by a paid executive director and office staff. The communities served by the Uptown Partnership include Bankers Hill-Park West, Five Points, Hillcrest Central, Hillcrest East, and Mission Hills.

Council Policy 100-18

City Council Policy 100-18 was established and adopted by Resolution R-288408 on March 4, 1997, and amended by Resolution R-299836 on November 15, 2004, to govern the Community Parking Districts (CPD). The City Planning and Community Investment Department provides staff support and assistance by coordinating CPD activities and oversight of the City contracts with the CPD. Each contract details the organizational plan, project list, and budget for each district. The City Council must evaluate and approve all of the fiscal year contracts.

Council Policy 100-18 specifically describes:

- the procedures to establish a CPD
- the percentage of parking meter revenue available to a CPD

- how the parking management-related revenues are allocated to the CPD to implement and manage improvements that address parking issues
- the guidelines for revenue and other income utilization
- procedures to obtain the required community input on planning and budget

The intent of the Policy is:

> " ... to provide a mechanism whereby communities unable to meet existing parking demands may devise and implement parking management solutions to meet their specific needs and resolve undesirable parking impacts. ... This policy is not intended to reduce existing City revenue streams derived from various parking management-related fees, citations, permits, etc. Any references in this policy to allocating a portion of parking meter or other parking management-related fees to community parking districts is intended to apply only to new or prospective revenues. This policy will be implemented in a manner that precludes any reduction or diminishment of City revenues."

INVESTIGATION

The Grand Jury interviewed:

- Representatives of a community parking district board of directors
- Representatives of community parking district employees
- Representatives of City senior management staff and elected officials
- Representatives of volunteer organizations and businesses in the Uptown Community Parking District

The Grand Jury investigation reviewed:

- City of San Diego's budget
- City Council Policy 100-18
- State and federal income tax documents submitted by Uptown Partnership
- Uptown Partnership's planning and budget documents
- State academic research on parking management
- Internet and other media information

DISCUSSION

The City of San Diego is facing an estimated $17 million General Fund shortfall in FY 2010. The City's gross revenues generated from parking meters were approximately $6.9 million, as reported in the FY 2009 City budget. In accordance with City Council Policy 100-18, the City deducts 5% of all parking meter revenue for expenses and allocates 45% of the remainder to the Districts. The City Council is currently considering amending this policy to insure that the City administrative costs necessary to collect parking meter fees are fully recovered. The portion that goes to the individual community parking district is based on the parking meter revenue generated within the individual district boundaries. The CPD have approximately 5,100 parking meters. During FY 2009, 45% of parking meter revenue, after the City 5% expense deduction, was approximately $2.9 million. Of the $2.9 million, $800,000 was allocated to the Uptown Partnership to manage the UCPD.

The Uptown Partnership's budget includes an unallocated reserve of $3,234,012 through FY 2009. The FY 2010 Uptown Partnership's budget includes spending all of the unallocated reserve funds for a total budget of $4,331,970. The plan is to use the reserve monies rather than having to return them to the City's General Fund. This concept was noted in the Uptown Partnership Board of Director's Agenda of August 6, 2009.

The Partnership FY 2010 Implementation Plan and Budget describes the process used to determine the Partnership actions taken on behalf of the UCPD to comply with City Council Policy 100-18. An indicator of parking management success, an industry standard of 85% occupancy of available parking, was adopted by the Uptown Partnership. The document also describes the workings of the board meetings, committee meetings, workshops, newsletters, community surveys, professional consultant studies, meetings with other community organizations, and consultations with the City Planning and Community Development Department.

In May 2009, City Council members from two districts recommended changes in the Uptown Partnership structure and activities. The recommendations sought to improve transparency, diversity on the board of directors, and community outreach. The Uptown Partnership responded to the recommendations by adding three positions on the board, two of which are appointed by the City Council; limiting the terms of board members; and, by improving availability of Uptown Partnership information.

FACTS AND FINDINGS

Fact: The Uptown Partnership exists exclusively to manage the Uptown Community Parking District (UCPD), in accordance with City Council Policy 100-18.

Fact: The annual gross revenue generated from parking meters in the Uptown Community Parking District is approximately $1.9 million.

Fact: The City allocates approximately $800,000 of annual parking meter revenue from the UCPD to the Uptown Partnership.

Fact: From FY 1999 through FY 2009 the Uptown Partnership's financial records indicate:

- $8.6 million managed
- $3.2 million spent on salaries and other overhead
- $1.1 million spent on planning, consultants, and projects
- $4.3 million remaining in unspent reserves

Fact: The City FY 2010 contract with the Uptown Partnership includes the expenditure of approximately $4.3 million in parking meter revenue reserves.

Fact: The Uptown Partnership was notified by the City to implement management changes to become more transparent. This included the formation of a standing committee to focus exclusively on solutions for parking problems in the Hillcrest

Business District. Additionally, the Uptown Partnership was notified to conduct meetings and activities in an open forum.

Fact: The City is facing a $17 million General Fund short fall in FY 2010.

FINDINGS

Finding 01: The City contracts with the Uptown Partnership to act in the best interest of the communities it serves.

Finding 02: From FY 1999 to FY 2009 the Uptown Partnership spent three times more on salaries and other overhead expenses than on projects.

Finding 03: City of San Diego elected officials and staff has a favorable opinion of the Partnership's management of the Uptown Community Parking District. However, this opinion is not shared by all of the stakeholders in the community.

Finding 04: The Uptown Partnership has implemented changes recommended by City officials to enhance transparency of management activities.

RECOMMENDATIONS

The 2009/2010 San Diego County Grand Jury recommends that the Mayor of the City of San Diego and the City Council of the City of San Diego:

10-52: **Analyze the contract between Uptown Partnership, Inc. and the City of San Diego to determine its impact on the City's general fund revenues.**

10-53: **Consider redirecting the Uptown Community Parking District revenues to the City's General Fund.**

10-54: **Review and consider the need for the Uptown Community Parking District.**

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

(a) As to each grand jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.

(b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

(c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

Responding Agency	Recommendations	Date
Mayor, City of San Diego	**10-52 through 10-54**	**8/23/10**
City Council, City of San Diego	**10-52 through 10-54**	**8/23/10**