



THE CITY OF SAN DIEGO

DATE: August 31, 2018
TO: Audit Committee Members, Honorable Mayor and Members of the City Council
FROM: Eduardo Luna, City Auditor
SUBJECT: Audit of Mission Bay and San Diego Regional Parks Improvement Funds,
Fiscal Year 2017

Results in Brief

The City Charter requires that the City Auditor report annually the extent and nature of the Mission Bay and the San Diego Regional Parks Improvement Funds' revenues, expenses, and improvements and compliance with the requirements of Section 55.2. To comply with the Charter and in accordance with the City Auditor's Fiscal Year (FY) 2018 Annual Audit Work Plan, we have performed an audit of the Mission Bay and the Regional Parks Improvement Funds' financial activity in fiscal year 2017.

Annually, beginning in fiscal year 2010, Mission Bay Park lease revenues in excess of \$23 million have been distributed to the San Diego Regional Parks and the Mission Bay Improvement Funds for allowable capital improvement projects. Per the City Charter, in fiscal year 2015 and thereafter, revenues in excess of \$20 million are transferred. In fiscal year 2017:

- **\$3,500,000** was transferred to the Regional Parks Improvement Fund.
- **\$6,321,877** was transferred to the Mission Bay Improvement Fund.
- **\$1,040,585** was the total post San Diego Regional Parks Improvement Fund expenditures. Allocations to this fund may be expended only for non-commercial public Capital Improvements for the San Diego Regional Parks and only for park uses. (see Attachment E for a list of expenditures)
- **\$472,168** was the total post Charter Mission Bay Improvement Fund expenditures. Allocations to this fund are used 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. (see Attachment F for a list of expenditures)



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We found that the expenditures complied with the charter requirements. We also verified that one of the prior audit recommendations was implemented and the second recommendation is in process nearing completion.

Additionally, we found that three members on the Mission Bay Park Committee, who also serves as the Mission Bay Improvement Fund Oversight Committee, have exceeded the eight-year limitation set forth in Municipal Code Section 26.30 (C)(4). We are bringing this matter to the attention of the Office of Boards and Commissions, since similar issues were discovered during a prior audit and those recommendations are in process.

We would like to thank the Department of Finance, Parks and Recreation, City Treasurer, Office of Boards and Commissions, and Real Estate Assets management and staff, as well as representatives from other departments for their assistance and cooperation during this audit. The Audit staff responsible for this audit are Rod Greek, Danielle Knighten, and Kyle Elser.

Background

The Mission Bay and San Diego Regional Parks Improvement Funds have two sources of revenue; transfers from lease revenue collected from tenants in Mission Bay Park and interest. Mission Bay Park lease revenue is deposited to a separate general fund account during the year and allocated to the improvement funds after the fiscal year-end. Prior to the effective date of Charter Section 55.2 on July 1, 2009, there were already cash balances in Mission Bay and the San Diego Regional Parks Improvement Funds. Given that these funds were collected prior to the effective date of Charter 55.2, they are not subject to the expenditure restrictions in this Charter provision according to the City Attorney's Office. However, all revenues, including interest, earned after the Charter Section 55.2 implementation date of July 1, 2009 are subject to the Charter provisions.

Charter section 55.2 was amended and effective on December 19, 2016. This amendment increased the allocation to the San Diego Regional Parks Improvement Fund from 25% of available funds in excess of \$20 million, to 35% up to a maximum of \$3.5 million from the previous maximum of \$2.5 million, with the remainder of the excess going to the Mission Bay Park Improvement Fund.

Monies deposited into Mission Bay and San Diego Regional Parks Improvement Funds prior to the implementation of City Charter Section 55.2 are excluded from our audit scope. The audit objectives, scope and methodology used to perform this audit can be found in **Attachment B** to this memorandum.

Fiscal Year 2017 Financial Activity

The Mission Bay and San Diego Regional Parks Improvement Funds' financial activity for fiscal year 2017 is shown in **Exhibit 1**. The Mission Bay Improvement Fund (MBIF) had revenues, including transfers and interest, totaling \$6,622,302 and expenditures of \$472,168, all expenditures were post Charter funded. The allocations to the MBIF support the dredging of Mission Bay as identified as the number one priority per City Charter, Section 55.2. The balance at June 30, 2017 was \$35,817,495. San Diego Regional Parks Improvement Fund (SDRPIF) had revenues, including transfers and interest, of \$3,595,326 and expenditures of \$1,457,277, of which \$1,040,585 was post Charter funded during fiscal year 2017. The available balance at June 30, 2017 was \$15,411,372. Prior years' financial activity as of June 30, 2016 is shown in **Attachment C** of this memorandum. FY 17 financial activity is summarized in Exhibit 1 at the top of the following page.

EXHIBIT 1**Mission Bay and San Diego Regional Parks Improvement Funds Post Charter Financial Activity
Fiscal Year 2017**

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 revenues exceeding expenditures as of June 30, 2016	\$ 29,667,361	\$ 12,856,631
Revenue, excluding unrealized gains and losses	\$ 6,622,302	\$ 3,595,326
Expenditures, net of depreciation	\$ <472,168>	\$ <1,040,585>
Revenue exceeding expenditures as of June 30, 2017	\$ 35,817,495	\$ 15,411,372

Source: Auditor analysis of general ledger and Department of Finance schedules, amounts rounded to the nearest dollar excluding unrealized gains and losses and depreciation.

Mission Bay Park Lease Revenue

Total adjusted Mission Bay Lease Revenues were \$29,821,877¹. The revenues in excess of the \$20,000,000 threshold were distributed to the SDRPIF and MBIF based on the Charter formula for distribution, as shown in **Exhibit 2**. The fiscal year 2017 distribution from the Mission Bay Lease Revenue was \$3,500,000 to the SDRPIF for capital improvements and \$6,321,877 to the MBIF. Mission Bay Lease Revenues increased by \$163,394 between fiscal year 2016 and 2017. The decrease of \$693,573² for LHO Mission Bay Rosie Hotel in FY 2017 was mainly due to a rent credit which was reimbursed in FY 2018. The Campland Revenue decrease of \$743,872 is associated with the prior determination that a portion of the leasehold is outside the Mission Bay Park boundary.

EXHIBIT 2

Fund Name	Allocation Breakdown in excess of the threshold	FY 2017 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 75% then, the remainder after the San Diego Regional Parks allocation	\$6,321,877

Source: San Diego City Charter, Article V, Section 55.2(b)

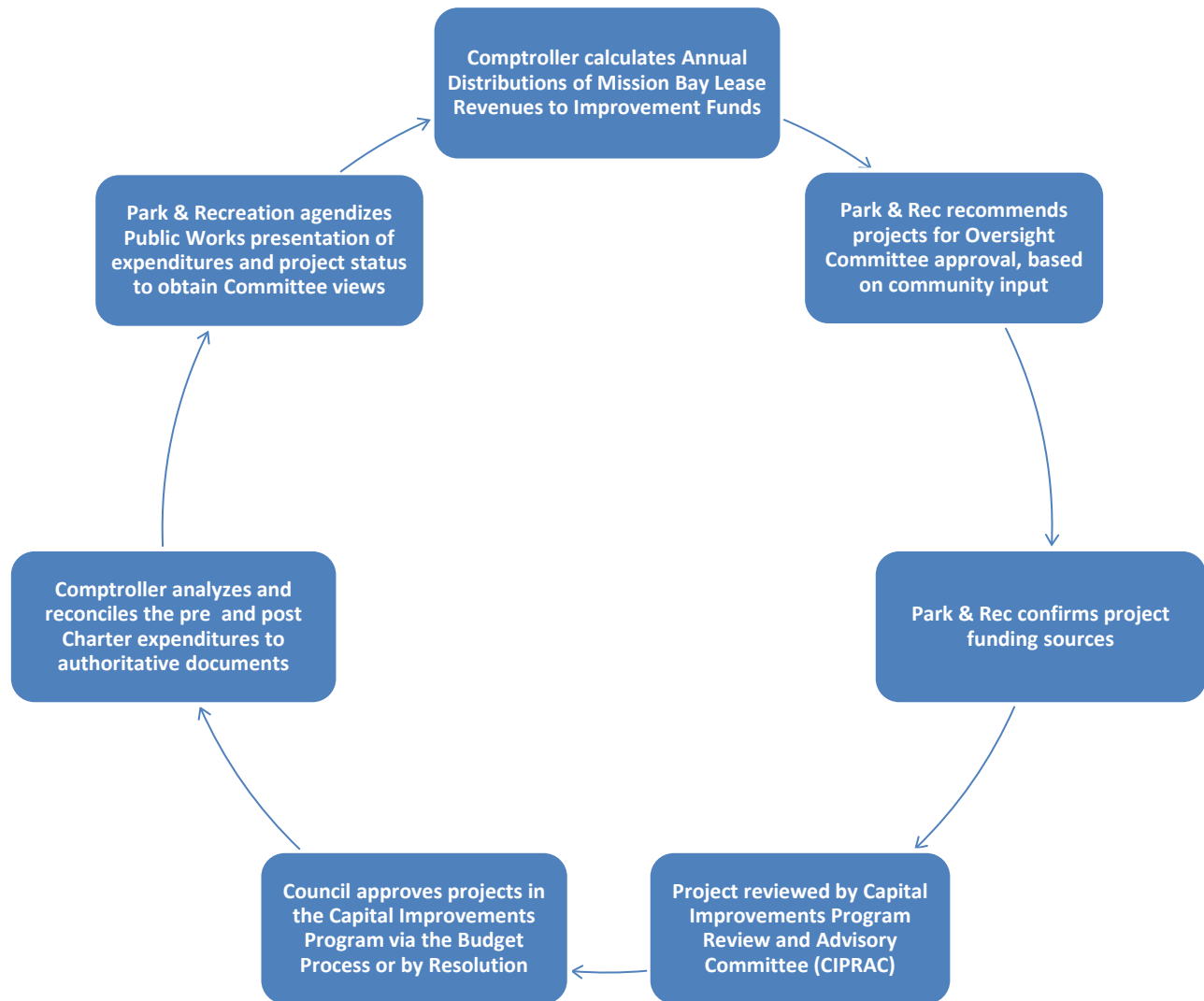
¹ See Attachment D for a detailed list of revenues.

² See Attachment D for a detailed list of revenues.

The processes to approve, monitor, and report Charter revenues and expenditures are shown in Exhibit 3.

EXHIBIT 3

APPROVAL & REPORTING ON CHARTER SECTION 55.2 FUNDED PROJECTS



Source: Auditor's summary of key processes.

San Diego Regional Parks Improvement Expenditures

During fiscal year 2017, SDRPIF project expenditures, subject to the provisions of Charter Section 55.2, totaled \$1,040,585, of the total \$1,457,277 expenditures excluding depreciation and an accounting loss on sale of assets. The fiscal year 2017 SDRPIF project Charter expenditures³ by project are listed in **Attachment E** of this memorandum. We found that the expenditures complied with the charter requirements.

Mission Bay Improvement Fund Expenditures

Mission Bay Improvement Fund total expenditures were \$472,168 for fiscal year 2017. All of the MBIF project expenditures were subject to the provisions of Charter Section 55.2. The fiscal year 2017 MBIF project Charter expenditures⁴ by project are listed in Attachment F of this memorandum. We found that the fiscal year 2017 MBIF post charter expenditures of \$472,168 were allowable and appropriate expenditures under the Charter.

³ Source: City Comptroller analysis of SDRPIF expenditures for fiscal year 2017

⁴ Source: City Comptroller analysis of MBIF expenditures for fiscal year 2017

Other Pertinent Information: Mission Bay Improvement Fund Oversight Committee Members with Terms Exceeding 8 Consecutive Years

During the review of Committee appointments dates and meeting minutes, it was discovered that four members had exceeded the maximum 8-year term per Municipal Code Section 26.30 (C)(4). This section specifically relates to Mission Bay Park Committee, who also serves as the Mission Bay Improvement Fund Oversight Committee. Municipal Code Section 26.30 (C)(4) reads as follows:

(4) The members shall serve two-year staggered terms for a maximum of eight consecutive years. An interval of four years must pass before a person who has served eight consecutive years can be reappointed. Each member shall serve until his or her successor is duly appointed and qualified. The members shall be appointed in such a manner that the terms of not more than six members shall expire in any year. Effective July 1, 2009, all terms unexpired as of June 30, 2009 shall be deemed expired. Thereafter, all terms shall expire on June 30.

One of the expired members was included on the City's published Boards and Commissions expiring terms list as of April 4, 2018. The remaining three members exceeding the maximum term and not included on the expiring terms document are listed in the **Exhibit 4**.

Exhibit 4**Mission Bay Park Committee Members with Terms exceeding 8 consecutive years**

	Appointment Date	Last Meeting Attended	Duration
Committee Member A	12/17/2009	3/6/2018	8.2 Years
Committee Member B	12/17/2009	3/6/2018	8.2 Years
Committee Member C	12/17/2009	3/6/2018	8.2 Years

Source: <https://www.sandiego.gov/sites/default/files/mbpcminutes180306.pdf>

Although the three members have exceeded the eight-year limitation, the City Attorney's Office advised that the Municipal Code and State Law⁵ allow for Advisory Board members whose terms have expired to continue serving until a replacement is appointed. However, we wanted to bring this issue to the attention of the Office of the Board and Commission⁶ since we made similar observations during our [Performance Audit of the City's Management of Its Advisory Boards](#). In this audit we already made recommendations to improve the process for identifying candidates and filling available Advisory Board seats, and to address other issues.

⁵ Government Code 1302.

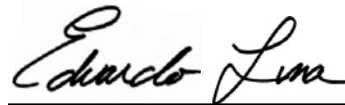
⁶ A new department for Fiscal Year 2019 that supports the day-to-day operations for the City's 49 boards and commissions and serves as an access point to the volunteer members appointed by the Mayor and City Council. These entities serve in a fiduciary, regulatory, policy-setting and/or advisory capacity.

Conclusion

We found that \$3,500,000 was transferred from Mission Bay Lease Revenue to the Regional Parks Improvement Fund (SDRPIF) for capital improvements and \$6,321,877 was transferred to the Mission Bay Improvement Fund (MBIF). Based on these transfers plus interest, the total transfers were \$3,595,326 to the Regional Parks Improvement Fund and \$6,622,302 to the Mission Bay Improvement Fund.

There were post Charter SDRPIF expenditures of \$1,040,585 in fiscal year 2017 and post Charter MBIF expenditures of \$472,168. We found that the expenditures complied with the charter requirements. We also verified that one of the prior audit recommendations was implemented and the second recommendation is in process nearing completion.

Respectfully submitted,



Eduardo Luna
City Auditor

cc: Kris Michell, Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Stacey LoMedico, Assistant Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Gail Granewich, City Treasurer
Cybele Thompson, Director, Real Estate Assets Department
Tracy McCraner, Director and City Comptroller, Department of Finance
Herman Parker, Director, Park and Recreation Department
Scott Clark, Chief Accountant, Department of Finance
Ken So, Deputy City Attorney
Joel Day, Office of Boards and Commissions

ATTACHMENT A: FOLLOW UP ON PRIOR AUDIT RECOMMENDATIONS

We made the following recommendations in the audit report issued May 26, 2016:

Recommendation #1:

The City Treasurer's office should schedule and conduct routine audits (at least once every 3 years) of Newport Pacific Capital Company similar to the Lease audits they currently perform on all other Lease agreements of Lessees on Mission Bay Park Land subject to Charter Section 55.2 requirements. (Priority 2)

Status of Recommendation #1 – In Process: The City Treasurer's office has added Newport Pacific Capital Company to the Revenue Audit Program's routine audit schedule. The first audit is now underway and is scheduled to be completed in the coming months. This management contract will be scheduled about once every three years.

Recommendation #2:

The Real Estate Assets Department in coordination with the City Comptroller's office should ensure the GL account is updated on this lease to deposit funds to the Mission Bay Park Rents account per Charter Section 55.2 requirements. Any previously recorded revenue in FY 2016 and FY 2017 should be transferred to General ledger account 418108 - Mission Bay Park Rents and subsequently transferred to the appropriate Improvement Fund based on Charter 55.2 allocation requirements. (Priority 2)

Status of Recommendation #2 – Implemented: The Verizon Wireless/Mission Bay Athletic Field lease revenue was properly recorded by the Comptroller's office in FY 2017. Real Estate Assets Department staff have updated the GL account to record correctly and have also updated their RePortfolio system to properly include this lease in Mission Bay Revenue beginning in FY 2018.

ATTACHMENT B: AUDIT OBJECTIVES, SCOPE AND METHODOLOGY

Article V, Section 55.2 of the City Charter requires that the City Auditor perform an annual audit of the distribution of Mission Bay lease revenues. Specifically, we are required to establish and oversee a mechanism to ensure public accountability by effectively reporting and communicating the extent and nature of revenues, expenses and improvements generated and in compliance with City Charter requirements. This shall include, at a minimum, an annual audit report to the Mayor, City Council and public. Each annual report shall, at a minimum, contain the following: 1) a complete accounting of all revenues received; 2) the amount and nature of all expenditures; and, 3) a report as to whether in each committee's view the expenditures have been consistent and compliant City Charter requirements.

The audit's objectives were to verify that fiscal year 2017 collection, allocation, and use of Mission Bay Park lease revenues are properly budgeted, authorized and expended in compliance with City Charter requirements.

To accomplish our objectives and test internal controls to determine if they are functioning as intended, we performed the following audit procedures:

- Reviewed pertinent laws, policies and regulations related to Mission Bay Park lease revenues;
- Gathered and analyzed agreements and information related to Mission Bay Park lease revenues;
- Identified, collected, analyzed financial information including transaction adjustments and management reports related to Mission Bay Park lease revenues;
- Made inquiries with management and key staff in charge of managing and monitoring information related to Mission Bay Park lease revenues;
- Reviewed Mission Bay Park and San Diego Regional Parks Improvement Fund Oversight Committee minutes, agendas and related bylaws;
- Analyzed the quality and effectiveness of the reporting to the Oversight Committees;
- Verified the calculation and reporting of project expenditures; and
- Followed up recommendation in the last report.

We reviewed data for fiscal year 2017. We performed data reliability testing of the financial data provided to us and which we relied on in this report.

All references in this memorandum focus on post-charter funds related to the Mission Bay and San Diego Regional Parks Improvement Funds exclude the pre-Charter funds unless otherwise referenced.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ATTACHMENT C:

Prior Years Mission Bay and San Diego Regional Parks Improvement Funds Financial Activity, As of June 30, 2016

Fiscal Year	Mission Bay Revenues Revenues [1]	Regional Park Revenues Revenues [1]
2010	\$ 115,603	\$ 1,708,236
2011	\$ 40,859	\$ 1,753,292
2012	\$ 2,449,130	\$ 2,534,109
2013	\$ 5,373,254	\$ 2,525,338
2014	\$ 4,302,753	\$ 2,538,998
2015	\$ 7,100,046	\$ 2,555,608
2016	\$ 10,531,043	\$ 3,511,501
Total as of June 30, 2016	\$ 29,912,688	\$ 17,127,082
	Expenditures [2]	Expenditures [2]
2010	\$ -	\$ -
2011	\$ -	\$ -
2012	\$ -	\$ 313,640
2013	\$ -	\$ 408,680
2014	\$ -	\$ 742,897
2015	\$ 171,848	\$ 1,554,596
2016	\$ 73,479	\$ 1,250,638
Total as of June 30, 2016	\$ 245,327	\$ 4,270,451
Available balance June 30, 2016	\$ 29,667,361	\$ 12,856,631

[1] Excludes unrealized gains and losses.

[2] Excludes depreciation.

Source: Auditor analysis of prior year City Auditor reports

ATTACHMENT D: Fiscal Year 2017 and 2016 Mission Bay Park Lease Revenue

Lessee	Revenue Amount FY 2017	Revenue Amount FY 2016	Change
Sea World Inc	\$10,750,382	\$10,899,260	(\$148,878)
LHO Mission Bay Hotel, L.P.	\$3,672,356	\$3,662,938	\$9,418
CHSP Mission Bay	\$3,423,183	\$3,269,776	\$153,407
BH Partnership	\$2,127,382	\$1,954,283	\$173,099
LHO Mission Bay Rosie Hotel	\$2,075,154	\$2,768,727	(\$693,573)
De Anza RV Park (Note 1)	\$1,693,034	\$1,395,299	\$297,735
Bartell Hotels	\$1,413,062	\$1,509,027	(\$95,965)
Campland, LLC (Note 2)	\$1,134,925	\$1,878,797	(\$743,872)
Seaforth Sportfishing Corporation	\$1,068,472	\$1,096,867	(\$28,396)
Marina Village	\$746,016	\$730,893	\$15,123
Mission Bay Yacht Club	\$422,710	\$393,538	\$29,172
Driscoll Mission Bay LLC	\$409,760	\$415,738	(\$5,977)
Wesco Sales Corp	\$289,401	\$382,916	(\$93,515)
Mission Bay Sports Center	\$210,552	\$184,310	\$26,242
Mission Bay Boat & Ski Club	\$144,537	\$134,037	\$10,501
Sportsmen's Seafood Co Inc	\$128,480	\$144,563	(\$16,083)
Associated Students SDSU/Regents Of UCSD	\$71,215	\$63,059	\$8,156
Braemar Partnership (combined)	\$62,717	\$59,853	\$2,864
Everingham Bros Bait Co	\$52,356	\$51,840	\$516
San Diego Parasail Adventures Inc	\$51,199	\$45,402	\$5,797
Verizon Wireless - Mission Bay Athletic Area (Note 3)	\$39,330	\$38,000	\$1,330
San Diego Rowing Club/Intercollegiate Rowing	\$27,545	\$28,501	(\$956)
Sprint PCS Assets LLC	\$20,663	\$1,867	\$18,796
Verizon Wireless VAW	\$10,467	\$10,162	\$305
Hanohano Outrigger Canoe Club	\$5,198	\$5,131	\$68
Canoe & Kayak Team	\$5,036	\$4,646	\$391
SD Alliance for Asian Pacific	\$2,385	\$2,200	\$185
Kapolioka' Ehukai Outrigger Canoe Club	\$2,385	\$2,194	\$191
Kai Elua Outrigger Canoe Club	\$1,908	\$1,752	\$156
Community Rowing of San Diego	\$0	\$2,294	(\$2,294)
Grand Total	\$30,061,810	\$31,137,868	(\$1,076,058)
Adjustments to accruals entries	(\$239,933)	(\$1,479,384)	\$1,239,451
Adjusted total lease revenue	\$29,821,877	\$29,658,484	\$163,394
Threshold	(\$20,000,000)	(\$20,000,000)	\$0
Revenues exceeding the threshold	\$9,821,877	\$9,658,484	\$163,394
Transfer to San Diego Regional Park Improvement Fund	\$3,500,000	\$2,500,000	\$1,000,000
Transfer to Mission Bay Improvement Fund	\$6,321,877	\$7,158,484	(\$836,606)

Note 1: \$38,000 was added to FY 16 for the Verizon Wireless VAW Mission Bay Athletic Area Lease for comparison purposes. The accrual amount was adjusted as well to negate the impact to the transfer calculations.

Note 2: In FY 2016, Campland revenue includes all lease revenue on Campland property. In FY 17, only the lease revenue within Mission Bay Park boundaries is included. ⁷

Note 3: \$1,395,299 was added to FY 16 for De Anza RV Park Lease for comparison purposes. The accrual amount was adjusted as well to negate the impact to the transfer calculations.

Source: OCA generated based on information from the Department of Finance

⁷ Park and Recreation Department staff and Real Estate Assets Department staff conducted a review of the February 2001 boundary survey of Mission Bay Park as defined in Charter Section 55.2. Their review resulted in a determination that a portion of Campland-On-The-Bay leasehold is outside the boundary and that revenue is not subject to Charter Section distribution provisions.

ATTACHMENT E: Regional Park Improvement Fund Project Expenditures for Fiscal Year 2017

Projects	Purpose	Expenditures FY 2017 [1]
New project expenditures:		
Museum of Art Elevator Modernization	To modernize one passenger, two freight elevators, and one dumb waiter elevator. Includes replacement of traveling cables, hydraulic pump, controller, etc.	\$ 78,475.64
Bermuda Ave Coastal	This project provides reconstruction of Stairway and Seawall.	\$ 23,790.68
Balboa Park Bud Kearns	Complex improvements including Pool, mechanisms, fencing, accessibility, etc.	\$ 45,891.73
Continuing Projects Expenditures:		
Balboa Park Hall of Nations Foundation Repair	JOC Contract to repair falling foundation at Hall of Nations Building.	\$ 1,400.85
Junipero Serra Museum ADA Improvements	This project provides for the design and construction of improvements to provide Americans with Disabilities Act (ADA) access to the Junipero Serra Museum within Presidio Park. The project may include a new parking lot, security lighting, walkways and/or accessible ramps, site furnishings and landscape enhancements.	\$ 60,248.36
Balboa Park West Mesa Comfort Station Replacement	This project provides for the design and construction of two replacement comfort stations on the West Mesa of Balboa Park, one north of the children's play area and one near the intersection of 6th Avenue and Nutmeg Street.	\$ 51,940.44
Sunset Cliffs Natural Park Ph I Reveg	This project will complete improvements to the hillside portion of the Sunset Cliffs Natural Park, consisting of final project design documents, environmental review and construction documents.	\$ 33,761.84
Sunset Cliffs Natural Park Ph II Trail & Reveg	This project will complete improvements to the hillside portion of the Sunset Cliffs Natural Park, consisting of final project design documents, environmental review and construction documents.	\$ 68,140.40
Coastal Beach Access Projects	202 Coast Blvd Access Stairs	\$ 249,518.10
Seismic System Upgrade	Seismic retrofit of the historic California Tower within Balboa Park. Phase 1 is the relocation of electrical systems housed in the bottom floor of the tower in order to reinforce the walls of the room. Phase 2 is the seismic upgrade of the tower.	\$ 154,953.48

Projects	Purpose	Expenditures FY 2017 [1]
Demolition of Loma Land Structures	This project provides for the removal of existing houses located on parkland, restoration of natural areas to allow water percolation, and installation of site appropriate drainage devices.	\$ 62,979.12
Hillside Drainage Improvements	This project provides for drainage improvements at Sunset Cliffs Natural Park including the removal of existing houses located on parkland, restoration of natural areas to allow water percolation, and installation of site appropriate drainage devices.	\$ 50,381.02
Mohnike Adobe & Barn Restore	This project provides for the rehabilitation/restoration of the historic adobe and hay barn located within the 14-acre Rancho Penasquitos Equestrian Center on the eastern end of the Los Penasquitos Canyon Preserve.	\$ 47,727.60
Palisades Park Comfort Station	The project provides for the removal and replacement of the existing comfort station at Palisades Park at the foot of Law Street in Pacific Beach.	\$ 1,744.97
Sunset Cliffs Hillside Improvements	This project will complete improvements to the hillside portion of the Sunset Cliffs Natural Park, consisting of final project design documents, environmental review and construction documents.	\$ <10,228.55>
Trail for All People	This project provides for design and construction of a 1,300 linear foot paved trail to accommodate people of all physical abilities. The trail is located within the Black Mountain Open Space Park off of Miner's Ridge Loop staging area. Associated amenities and support facilities may include a shaded viewing pavilion, wayfinding and interpretive signage/exhibits, information kiosks, and benches.	\$ 14,228.36
Chollas Lake Park Playground Improvements	This project provides for the design and construction of two playgrounds at Chollas Lake Park to replace existing playgrounds which have surpassed their life expectancy and do not meet current Americans with Disabilities Act (ADA) and playground safety requirements. The new playgrounds will be fully ADA compliant and meet all safety guidelines for public playgrounds.	\$ 94,931.24
California Tower Electric Room	Seismic retrofit of the historic California Tower within Balboa Park. Phase 1 is the relocation of electrical systems housed in the bottom floor of the tower in order to reinforce the walls of the room. Phase 2 is the seismic upgrade of the tower.	\$ 452.05

Projects	Purpose	Expenditures FY 2017 [1]
Old Mission Dam Dredging Project	This project provides for dredging behind the Old Mission Dam for the purpose of removing silt buildup, the required mitigation and monitoring program, and obtaining the necessary permits for long term preservation measures.	\$ 10,247.59
Total Fiscal Year 2017 expenditures		\$ 1,040,584.92
<i>[1] The expenditures are for projects funded by Mission Bay rents collected after June 30, 2009. Monies in the fund collected prior to July 1, 2009 and expended on projects are outside the scope of the audit.</i>		

ATTACHMENT F: Mission Bay Improvement Fund Project Expenditures for Fiscal Year 2017

Projects	Purpose	Expenditures FY 2017 [1]
New project expenditures:		
Mission Bay Dredging [1]	This project provides for dredging of Mission Bay, which is necessary for boat navigation.	\$ 472,167.82
	Total Fiscal Year 2017 expenditures	\$ 472,167.82


[1] The expenditures are for projects funded by Mission Bay rents collected after June 30, 2009. Monies in the fund collected prior to July 1, 2009 and expended on projects are outside the scope of the audit.



**THE CITY OF SAN DIEGO
M E M O R A N D U M**

DATE: August 28, 2018

TO: Eduardo Luna, CIA, CGFM, City Auditor, Office of the City Auditor

FROM: Herman D. Parker, Director, Parks and Recreation Department. 

SUBJECT: Response to Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2017

The Parks and Recreation Department appreciates and thanks the Office of the City Auditor for the Fiscal Year 2017 annual audit of the Mission Bay and San Diego Regional Park Improvement Funds in accordance with City Charter Section 55.2. The Department will work with the Office of Boards and Commissions regarding members of the Mission Bay Improvement Fund Oversight Committee exceeding term limits as noted in the report.

While there are no audit findings or recommendations associated with this report, please note that the Parks and Recreation Department, in partnership with other City departments involved in managing the Mission Bay and San Diego Regional Parks Improvement Funds, is committed to continuing process improvements and effective internal controls.

cc: Kris Michell, Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Stacey LoMedico, Assistant Chief Operating Officer
Johnnie Perkins, Deputy Chief Operating Officer, Infrastructure and Public Works
Bob Vacchi, Deputy Chief Operating Officer, Neighborhood Services
Tracy McCraner, Director, Department of Finance
Joel Day, Director, Office of Boards and Commissions
James Nagelvoort, Director and City Engineer, Public Works
Scott Clark, Chief Accountant, Department of Finance
Myrna Dayton, Assistant Director, Public Works
Karen Li, Deputy City Attorney
Ken So, Deputy City Attorney