Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2025

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Audit Results

The City of San Diego is in compliance with the requirements of Charter Section 55.2.

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The Office of the City Auditor would like to thank staff from the following departments and committees for their assistance during this audit:

- Economic Development Department Real Estate Assets Division
- Office of the City Treasurer
- Department of Finance
- Parks & Recreation Department
- Engineering & Capital Projects Department
- Mission Bay Park Improvement Fund Oversight Committee
- San Diego Regional Park Improvement Fund Oversight Committee

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Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2025

This audit is conducted annually in accordance with the requirements of City of San Diego Charter Section 55.2

Why OCA Did This Study

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 2026 Annual Audit Work Plan, we have performed an audit of the Mission Bay and the San Diego Regional Parks Improvement Funds' financial activity in Fiscal Year 2025.

What OCA Found

We found that the City of San Diego is in compliance with the requirements of Charter Section 55.2.

Fiscal Year 2025 Financial Activity:

We found that $10,059,656 in Mission Bay lease revenue was transferred to the San Diego Regional Parks Improvement Fund (SDRPIF) and $18,682,219 was transferred to the Mission Bay Improvement Fund (MBIF).



Source: Image of Mission Bay Park obtained from City of San Diego Parks for All of Us website.

Exhibit 5: FY2025 Mission Bay Lease Revenue Allocation to the MBIF and SDRPIF Increased Compared to FY2024 Allocations

Mission Bay Lease Revenue Allocation to Fund	Allocation Breakdown in Excess of Threshold	FY2025 Allocation Amounts	FY2024 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or 3.5 million, whichever is greater, of the amount in excess of the $20 million threshold	**$10,059,656**	**$5,944,964**
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	**$18,682,219**	**$11,040,647**

Source: OCA generated based on San Diego City Charter, Article V, Section 55.2(b) and SAP financial data.

Overall, Mission Bay lease revenue increased in FY2025 compared to FY2024. Adjusted Mission Bay lease revenue increased in FY2025 primarily because of payments received in FY2025 that were associated with invoices from previous fiscal years, including the $8.5 million SeaWorld settlement payment for past due rent.

We also found that compared to FY2024, MBIF expenditures increased by $1.6 million, or approximately 16 percent. SDRPIF expenditures increased by $173,269, or approximately 3 percent.

Exhibit 3: The City Expended More MBIF and SDRPIF in FY2025 Than in FY2024

	Mission Bay Improvement Fund	San Diego Regional Parks Improvement Fund
FY2025 Expenditures	$ 11,091,729	$ 6,546,989
FY2024 Expenditures	$ 9,526,261	$ 6,373,720
FY2025 Dollar Increase	**$ 1,565,468**	**$ 173,269**
FY2025 Percent Increase	**16.4%**	**2.7%**

Source: OCA generated based on SAP financial data.

Audit Results and Recommendation Follow-Up

In our Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024, we reported several findings that impacted our review of Mission Bay FY2024 revenue. In this year's annual audit, we found that City departments worked towards resolving these identified issues, although additional work is needed to fully resolve them and prevent them from reoccurring.

- The moratorium on the Office of the City Treasurer's (Treasurer) lease revenue audits ended in April 2025, and the Economic Development Department (EDD) granted the Treasurer access to its lease management system in the beginning of FY2026.
- However, the audit moratorium impeded the progress of more than half of the Treasurer's planned audits of Mission Bay leases and postponed several audits to the Treasurer's FY2027 audit workplan.
- As it pertains to Mission Bay revenue, the previous backlog of unresolved lease payments was largely resolved in FY2025. The total amount of Mission Bay payments on the credit list peaked in December 2024 at $554,410 and decreased to $13,189 in June 2025.
- Of the $933,834 FY2024 deferred revenue owed to the City, at the start of FY2027, $796,334 had not yet been received.
- The pause on assessing late fees ended and EDD assessed $866,091 in late fees in FY2025.
- Of 33 active Mission Bay leases, permits, licenses, and agreements, 11 are still in holdover. However, EDD provided status on the progress of lease requests for proposal, updates to lease agreement terms, and new license and permit agreements.

What OCA Recommends

There were no additional recommendations made in this year's annual Mission Bay report.

One recommendation from the prior year's Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024 issued November 2025 was implemented in April 2026. Management continues to work towards implementation of the four remaining recommendations.

For more information, contact Andy Hanau, City Auditor, at (619) 533-3165 or cityauditor@sandiego.gov.

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Background

The City Charter requires that the City Auditor report annually the extent and nature of the Mission Bay and San Diego Regional Parks Improvement Funds' revenues, expenses, and improvements, and compliance with the requirements of Charter Section 55.2. To comply with the Charter, and in accordance with the City Auditor's Fiscal Year 2026 Audit Work Plan, we performed an audit of the Mission Bay and San Diego Regional Parks Improvement Funds' financial activity in fiscal year (FY) 2025.

The Mission Bay and San Diego Regional Parks Improvement Funds have two sources of revenue: (1) transfers from lease revenue collected from tenants in Mission Bay Park; and (2) 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.

Annually, beginning in FY2010, Mission Bay Park lease revenues in excess of $23 million have been distributed to the Mission Bay and San Diego Regional Parks Improvement Funds for allowable capital improvement projects. Per the City Charter, in FY2015 and thereafter, revenues in excess of $20 million are transferred. A minimum of $3.5 million, or 35 percent, of revenues in excess of $20 million (whichever is greater) is transferred to the San Diego Regional Parks Improvement Fund (SDRPIF), with the remainder of the excess going to the Mission Bay Improvement Fund (MBIF).

The Mission Bay Park Improvement Fund's Oversight Committee and the San Diego Regional Parks Improvement Fund's Oversight Committee are responsible for carrying out oversight responsibilities on the revenues and expenditures associated with leases and capital projects within the boundaries of Mission Bay Park and San Diego Regional Parks. They use information presented to them to make recommendations to City Council on projects to be funded and any concerns that they believe need further scrutiny. They are also responsible for verifying that the appropriate funds are collected, segregated, retained, allocated, and prioritized in compliance with the City Charter. The audit objectives, scope, and methodology used to perform this audit can be found in **Appendix B** of this report.

Audit Results

The City of San Diego is in compliance with the requirements of Charter Section 55.2.

City departments worked towards resolving the issues identified in our audit of FY2024 Mission Bay financial activity.

In our Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024, we reported several findings that impacted our review of Mission Bay FY2024 revenue.[1] We found that the Office of the City Treasurer (Treasurer) could not formally issue potential audit findings from the required percentage lease revenue audits for FY2024 due to a City Management-directed moratorium on revenue audits. We also found that the Economic Development Department (EDD) did not impose lease penalty fees for Mission Bay rental accounts for FY2024 due to a large backlog of lease payments that EDD had not yet applied to lessees. In addition, we found that by the end of FY2024, the City had not received $933,834 of invoiced FY2024 Mission Bay lease revenue. We also found that out of the 31 active Mission Bay rental agreements in FY2024, 11 were in holdover status. **Exhibit 1** shows the status of these findings at the end of FY2024 compared to the status at the end of FY2025.

Exhibit 1

City Departments Worked to Resolve Several of the Findings Identified in the Mission Bay Audit of FY2024 Financial Activity

Concerns Identified in Audit of FY2024 Financial Activity	*Status as of Audit of FY2025 Financial Activity*
1. *Audit moratorium of the Treasurer's percentage lease audits effective July 2024 – April 2025.*	• *The audit moratorium ended April 2025.* • *EDD granted the Treasurer access to its lease management system in the beginning of FY2026.* • *The audit moratorium impeded the progress of more than half of the Treasurer's planned audits of Mission Bay leases and postponed several audits to the Treasurer's FY2027 audit workplan.*

1 Performance audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024: https://www.sandiego.gov/auditor/reports#docaccess-81bea7183b44427bebe137d9b615e5e2

2.	*There was a large backlog of unresolved lease payments on the credit list and likely an understatement of City lease revenue in FY2024.*	• *The backlog, as it pertains to Mission Bay, was largely resolved in FY2025. The total amount of Mission Bay payments on the credit list peaked in December 2024 at $554,410 and decreased to $13,189 in June 2025.* • *We can provide reasonable assurance that FY2025 Mission Bay Lease revenue payments were applied appropriately.*
3.	*A total of $933,834 in deferred revenue was owed to the City at end of FY2024.*	• *At the start of FY2027, $796,334 of this FY2024 deferred revenue owed to the City had not yet been received.*
4.	*No late fees for Mission Bay were assessed in FY2024.*	• *Some late fees were assessed in FY2025.*
5.	*Of the 31 active Mission Bay leases, permits, licenses, and agreements, 11 were in holdover at the end of FY2024.*	• *These 11 leases, permits, licenses, and agreements are still in holdover.* • *EDD provided status on the progress of lease RFPs, updates to lease agreement terms, and new license and permit agreements.*

Source: OCA generated based our Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024; SAP financial data; and documentation provided by the Economic Development Department, the Office of the City Treasurer, the Department of Finance.

Fiscal Year 2025 Financial Activity

The recorded FY2025 activities of the Mission Bay Improvement Fund (MBIF) and San Diego Regional Parks Improvement Fund (SDRPIF) are shown in **Exhibit 2**.

Exhibit 2

The FY2025 Ending Balances of the Mission Bay Improvement Fund and San Diego Regional Parks Improvement Fund Were Higher Than the Ending Balances for FY2024

	Mission Bay Improvement Fund	Regional Parks Improvement Fund
Charter 55.2 Beginning Balance as of June 30, 2024	$ 43,827,406	$ 18,257,376
Revenue, excluding unrealized gains and losses	$ 20,505,487	$ 10,739,828
Expenditures, net of depreciation	$ (11,091,729)	$ (6,546,989)
Ending Balance as of June 30, 2025	$ 53,241,165	$ 22,450,215

Note: Amounts rounded to the nearest dollar, excluding unrealized gains and losses and depreciation.

Source: OCA generated based on general ledger and Department of Finance schedules.

The MBIF had revenues, including transfers and interest, of $20.5 million and expenditures of $11.1 million, as shown in **Exhibit 2**. The MBIF balance on June 30, 2025, was $53.2 million, which is an increase of $9.4 million from FY2024.

SDRPIF had revenues, including transfers and interest, of $10.7 million, and expenditures of $6.5 million. The available SDRPIF balance on June 30, 2025, was $22.5 million, which is an increase of $4.2 million from FY2024. In general, the increases can be attributed to payments received in FY2025 that were associated with invoices from previous fiscal years, in particular the SeaWorld settlement payment.[2] Prior fiscal years' financial activity through June 30, 2025, is shown in **Appendix C** of this report.

2 The SeaWorld settlement payment was the outcome of the City's rent dispute with SeaWorld over COVID-related restrictions.

Mission Bay Improvement Fund and San Diego Regional Park Improvement Fund Expenditures

Expenditures charged to both the MBIF and SDRPIF appear to be appropriate and in accordance with the provisions of Charter Section 55.2. The full listing of FY2025 SDRPIF expenditures is listed in **Appendix E** of this report. The FY2025 MBIF expenditures are listed in **Appendix F** of this report.

Compared to FY2024, MBIF expenditures increased by $1.6 million, or approximately 16 percent. SDRPIF expenditures increased by $173,269, or approximately 3 percent, as shown in **Exhibit 3**.

Exhibit 3

The City Expended More MBIF and SDRPIF in FY2025 Than in FY2024

	Mission Bay Improvement Fund	San Diego Regional Parks Improvement Fund
FY2025 Expenditures	$ 11,091,729	$ 6,546,989
FY2024 Expenditures	$ 9,526,261	$ 6,373,720
FY2025 Dollar Increase	**$ 1,565,468**	**$173,269**
FY2025 Percent Increase	**16.4%**	**2.7%**

Source: OCA generated based on SAP financial data.

Most of the money spent from MBIF, 69 percent, was used to improve and build comfort stations, also known as restrooms. The next biggest expense was for parking lot improvements, at 16 percent. Meanwhile, the largest portion expended from the SDRPIF went towards funding restoration projects, such as the Balboa Park Botanical Building and the replacement of assets, such as the damaged wooden piles at Crystal Pier. The next biggest expense was for projects aimed at improving public access, at 29 percent. See **Exhibit 4** for a detailed breakdown of the number of projects by category and the related expenditures for FY2025.

Exhibit 4

In FY2025, Most MBIF Expenditures Were for Comfort Stations, While Most SDRPIF Expenditures Were for Restoration and Replacement Projects

Mission Bay Improvement Fund				San Diego Regional Parks Improvement Fund			
Category	**Projects**	**Expenditures**	**% Spend**	**Category**	**Projects**	**Expenditures**	**% Spend**
Comfort Station	13	$ 7,677,986	69%	Restoration / Replacement	16	$ 4,077,540	62%
Parking Lot	13	$ 1,811,408	16%	Public Access / ADA	14	$ 1,892,561	29%
Study / Assessment	2	$ 791,212	7%	Dredging	1	$ 482,395	7%
Playgrounds / Recreation	10	$ 518,431	5%	Study / Assessment	2	$ 85,670	1%
Public Access / ADA	1	$ 180,892	2%	Comfort Station	6	$ 8,822	0.1%
Restoration / Replacement	1	$ 83,284	1%				
Dredging	1	$ 28,516	0.3%				
Totals	**41**	**$ 11,091,729**		**Totals**	**39**	**$ 6,546,989**	

Source: OCA generated based on SAP financial data and feedback from the Engineering & Capital Projects Department.

Mission Bay Park lease revenue payments were applied appropriately in FY2025.

We can provide reasonable assurance that Mission Bay lease revenue payments were applied appropriately in FY2025. The $20 million assigned to the General Fund was made as required by City Charter; and the revenues in excess of the $20 million threshold were distributed to the SDRPIF and MBIF based on the Charter formula for distribution.

We can confirm the correct application of Mission Bay lease payments in FY2025. To ensure the timely application of payments, the Treasurer's Accounting Program routinely provides City Departments, including EDD, with an updated list of payments that posted to customer accounts without matching invoices. EDD then works to reconcile the payments to the correct lease invoices. The Treasurer stated that to ensure the timely application of EDD real estate payments to invoices throughout FY2025, there was an increased demand on its Accounting Program staff.

Overall, Mission Bay lease revenue increased in FY2025 compared to FY2024. The total adjusted Mission Bay lease revenue for FY2025 was $48.7 million. This is an increase of $11.7 million (32 percent), compared to the adjusted lease revenue of $37 million in FY2024. The first $20 million remained in the General Fund, which left an initial $28.7 million to be distributed to the Improvement Funds. The amounts allocated to MBIF and SDRPIF in FY2025 and FY2024 are presented in **Exhibit 5**.

Exhibit 5

FY2025 Mission Bay Lease Revenue Allocation to the MBIF and SDRPIF Increased Compared to FY2024 Allocations

Mission Bay Lease Revenue Allocation to Fund	Allocation Breakdown in Excess of Threshold	FY2025 Allocation Amounts	FY2024 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or 3.5 million, whichever is greater, of the amount in excess of the $20 million threshold	**$10,059,656**	**$5,944,964**
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	**$18,682,219**	**$11,040,647**

Source: OCA generated based on San Diego City Charter, Article V, Section 55.2(b) and SAP financial data.

Adjusted Mission Bay lease revenue increased in FY2025 primarily because of payments received in FY2025 that were associated with invoices from previous fiscal years, including the $8.5 million SeaWorld settlement payment.

Mission Bay rents and concessions decreased in FY2025 compared to FY2024. In FY2025 the City received $36.6 million in payments of Mission Bay rents and concessions, a $1.3 million decrease from FY2024.[3] **Appendix D** includes a table of Mission Bay Park Lease Revenue by Lessee for FY2024 and FY2025, as well as adjustments for accruals, deferred revenue, and late fees.

3 Mission Bay rents and concessions excludes adjustments for deferred revenue and late fees/penalties.

Additional Updates Since the Mission Bay Audit of FY2024 Financial Activity

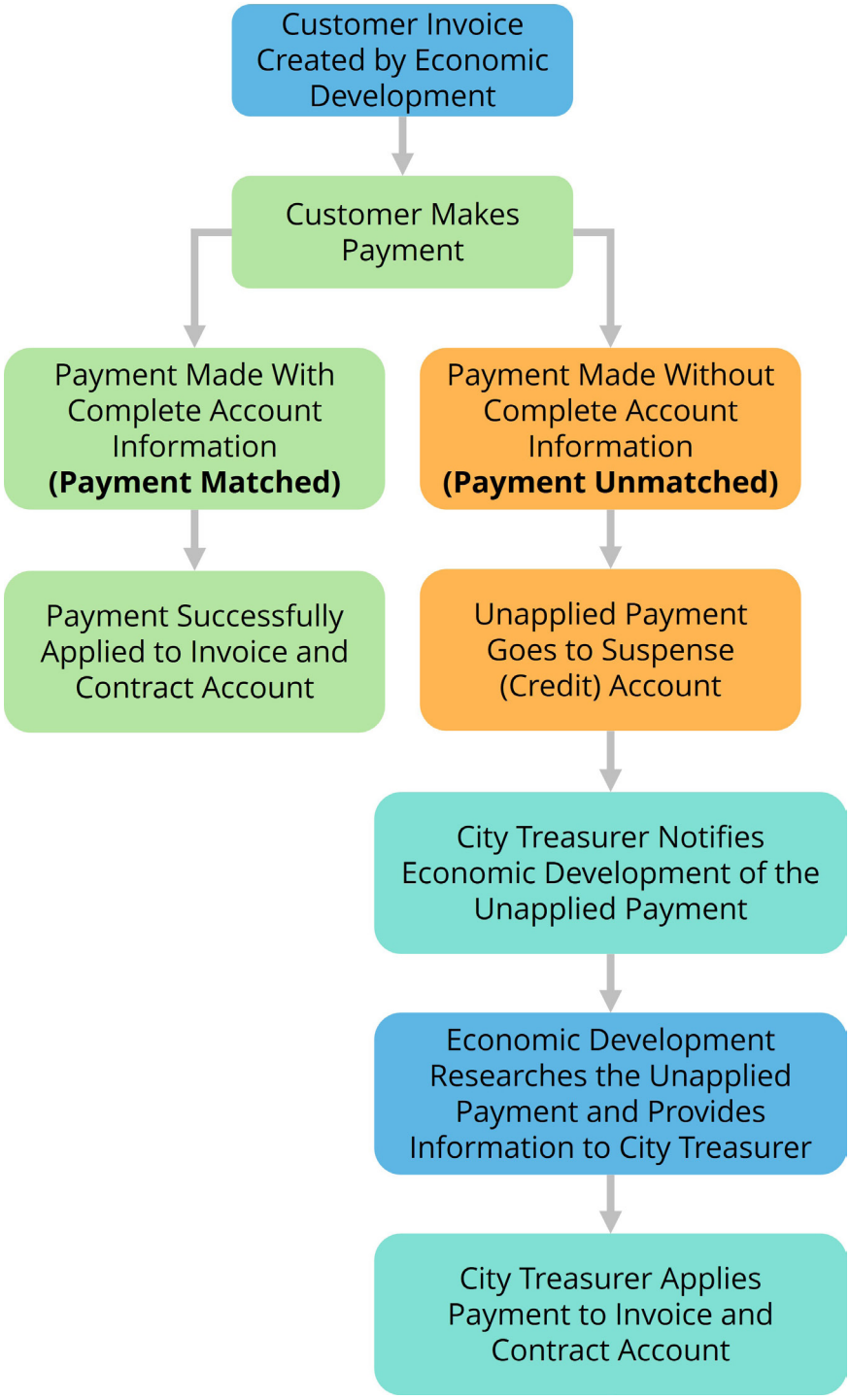
Throughout FY2025, EDD worked to resolve concerns identified in the Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024, including the large backlog of payments in suspense on the credit list, outstanding Mission Bay deferred revenue owed to the City, and the pause in assessing late fees in FY2024.

In FY2025, EDD and the Treasurer reduced the backlog of unapplied payments on the City's credit list.

In our Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024, we noted our review of Mission Bay revenue for FY2024 was impacted due to a large backlog of unapplied payments totaling $8 million for all City lease revenue, including Mission Bay lease revenue. As part of the lease payment process, the City holds incoming payments that have not been verified or matched to an existing invoice in a suspense account, referred to as the credit list. EDD and the Treasurer monitor this credit list and work together to resolve these unapplied payments, which require accurate customer information. **Exhibit 6** below provides a high-level overview of the lease payment process.

Exhibit 6

The City's Rental Revenue Recording Process for Various Fund Splits Requires Accurate Customer Information and Both Internal and External Review



Source: OCA generated based on documentation provided by EDD and the Office of the City Treasurer.

For our audit of FY2025, we followed up on the status of this backlog with EDD and the Treasurer and conducted a detailed analysis of the credit list that focused on Mission Bay unapplied payments. We met with the Treasurer to gain further understanding of the lease payment process and to understand how unapplied payments on the credit list impact Mission Bay revenue. Upon further review, we determined that the backlog, as it pertains to Mission Bay, has been cleared as of FY2025. This means that as of June 30, 2025, there were no unapplied payments from prior years related to Mission Bay leases. The amounts on the credit list for the City as a whole also appear to have been significantly reduced, although this is outside of the scope of this audit and would require further analysis. The total amount of Mission Bay payments on the credit list peaked in December 2024 at $554,410, and decreased to $13,189 in June 2025.

Mission Bay deferred revenue significantly increased the total amount of Mission Bay revenue received in FY2025.

To determine the amount of revenue to transfer to the MBIF and SDRPIF after the end of the fiscal year, the Department of Finance determines the total revenue from Mission Bay rents and concessions, the balance of Mission Bay deferred revenue and accruals, and the total Mission Bay late fees and penalties. Deferred revenue made up $11.2 million of the FY2025 Mission Bay revenue (23 percent), as shown in **Exhibit 7**.

Exhibit 7

Deferred Revenue Accounted for 23 Percent of the FY2025 Mission Bay Revenue

REVENUE AMOUNT		TYPE OF REVENUE
$	34,579,512	Mission Bay Rents and Concessions
$	11,241,426	Deferred Revenue*
$	2,054,846	FY2024 and FY2025 Accruals
$	866,091	Mission Bay Penalties**
$	**48,741,875**	**Total FY2025 Mission Bay Revenues and Penalties**

*Includes $7.6 million SeaWorld past due rent settlement payment and $1.17 million of revenue that was readjusted and applied to the correct lessee

**Includes $862,606 SeaWorld rent late fee settlement payment

Source: OCA generated based on the Department of Finance's FY2025 Mission Bay revenue transfer calculation.

Monitoring the amount of Mission Bay deferred revenue at the end of each fiscal year can help explain fluctuations in Mission Bay revenue from year to year. The Department of Finance defines deferred revenue as "revenue for goods or services which has been earned but is not available to finance expenditures of the current fiscal period within the availability period." For example, deferred revenue can occur when a payment that cleared in FY2025 is from a FY2024 invoice, when a payment is received early for a future-year invoice, or when a FY2025 invoice remains unpaid at year end. For the annual Mission Bay revenue transfer calculation, the balance of deferred revenue is determined by adding the balance of unpaid Mission Bay invoices to the balance of payments received that fiscal year that did not match invoices generated that fiscal year.

By the financial close of FY2025, the net balance in deferred revenue was a positive $11.2 million. This means the City recorded more money from Mission Bay lessees than what had been invoiced during the fiscal year. In FY2025 deferred revenue included $7.6 million of the SeaWorld settlement payment, 68 percent of the net balance of deferred revenue. The remaining proportion of the SeaWorld settlement, $862,606, was recorded as late fees.

The remaining net balance of deferred revenue, $3.6 million, was from non-FY2025 invoices, such as outstanding payments from previous fiscal year invoices and revenue that was received in a previous fiscal year and adjusted and applied to the appropriate lessee.

In our audit of FY2024 Mission Bay financial activity, we reported that there was a negative net balance of $933,834 of Mission Bay deferred revenue. This means the City had invoiced about $934,000 more than it had collected in payments. By the end of FY2026, $137,500 of this $933,834 was received; however, $796,334 remained unpaid. The Department of Finance confirmed that unpaid amounts continue to be pursued by the City indefinitely.

In FY2025, EDD ended its pause on assessing late fees.

In FY2024, EDD did not assess late fees due to the large backlog of City lease revenue payments that EDD had not yet applied to the appropriate lessee invoices. EDD stated that it did not charge late fees because it did not want to unintentionally penalize tenants who had, in good faith, made the payment but it did not match an existing invoice.

In FY2025, EDD began to assess late fees again and collected a total of $866,091 in late fees. These FY2025 late fees included $862,606, which was part of the $8.5 million SeaWorld settlement payment. EDD also provided its internal procedure for assessing late fees, which was an element of Recommendation 2.1 from the Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds' Financial Activity in FY2024. As part of our recommendation follow-up process we will verify the appropriate assessment of late fees.

Recommendation Follow-Up: Recommendations from the Mission Bay Audit Issued November 2025

Recommendation 1.1 (Priority 1)

The Chief Financial Officer or other City Executive leadership should issue a memorandum or other written guidance that discourages future audit moratoria and requires promptly informing the Office of the City Auditor and the Chair of the Audit Committee if the ability to perform lease revenue audit functions is restricted in the future.

Implemented

This recommendation is implemented. In our April 2026 Audit Recommendation Follow-Up Report, we determined this recommendation as implemented. The Chief Financial Officer issued and shared a memo to the directors of the Economic Development Department and the City Treasurer, which provides guidance and direction that meets the intent and purpose of the recommendation. OCA reviewed the guidance and found it sufficient and appropriate. For example, it identified three points of emphasis, including:

- Strongly discouraging future audit moratoria;
- Re-emphasizing a commitment to internal controls and the importance of the role of the City Treasurer; and
- Directing staff to promptly notify OCA and the Audit Committee if a similar exceptional event were to occur in the future.

It also specifically linked the guidance to OCA's audit work for additional context.

Of note, the Office of the City Treasurer stated that while the audit moratorium was lifted in April 2025 (FY2025), audit access was not fully granted until the start of FY2026. Also, the Treasurer stated that the audit moratorium impacted the progress on 12 of its 20 (60 percent) audits of Mission Bay leases.

Recommendation 2.1 (Priority 1)

The Economic Development Department should develop and utilize a lease management process narrative that includes the verification of lease terms and agreements at least annually and a process for lease renewal. Additionally, a process narrative should be developed and utilized that includes a periodic quality control check of revenue received from lease concessions to ensure the revenue received is complete, accurate, and timely. The process narrative(s) should include, but not be limited to, the following lease agreement areas:

- Lease Terms;
- Payment Terms;
- Holdover Terms; and
- Late Fee Assessments.

Target Implementation Date: June 2026

In Process

This recommendation is in process. At the time of this audit, the Economic Development Department (EDD) shared an internal procedure for processing late fees for late payments and an internal procedure for signing a long-term lease with the City as a lessor. EDD has also provided its internal procedures for its quality control checks of revenue received from lease concessions to ensure the revenue received is complete, accurate, and timely. However, auditors will need to see EDD's internal procedure that includes verification of lease terms and agreements in its lease management system at least annually. Auditors will also need to see evidence of the implementation of these internal procedures.

Recommendation 2.2 (Priority 1)

The Economic Development Department should create and document procedures to reconcile REPortfolio payment data to SAP in accordance with the City policy process narrative #1 PN-0446 Use of an Alternate Billing or Interfacing System to strengthen internal controls and ensure revenue is accurately accounted for and received timely.

Target Implementation Date: Unknown

In Process

This recommendation is in process. In the Economic Development Department's Management Response to last year's Mission Bay Audit of FY2024 revenue and expenditures, the department reported this recommendation as implemented as of October 2025. In August 2026, the Economic Development Department provided existing and updated internal procedures relevant to the reconciliation of REPortfolio payment data to SAP. The audit team is reviewing and in communication with the department regarding the available evidence of the implementation of these policies and procedures, showing the timely reconciliation of payments between the two systems, to consider this recommendation as implemented.

The Office of the City Treasurer also stated the continued imbalance between REPortfolio and SAP FI-CA has added significant time for its auditing program to audit leases, including Mission Bay leases. The Treasurer stated it is now tracking these hours separately to quantify the impact.

Recommendation 3.1 (Priority 2)

The Economic Development Department should ensure that leases in holdover status receive the required Council approval and appraisal to ensure lease agreements are binding and fair market rental rate is received for the leased property.

Target Implementation Date: Unknown

In Process

This recommendation is in process. In the Economic Development Department's (EDD's) Management response to last year's Mission Bay Audit of FY2024 revenue and expenditures, the department reported this recommendation as implemented as of October 2025. However, at the time of this audit, EDD stated that 11 of the 33 Mission Bay leases, permits, agreements, and licenses are in holdover. The current list of tenants in holdover are nearly identical to last year's audit of FY2024 Mission Bay revenue and expenditures. Therefore, this recommendation remains open until several of the Mission Bay leases, permits, agreements, and licenses that were in holdover have been renewed or terminated.

EDD provided status updates for the 11 Mission Bay leases, permits, agreements, and licenses in holdover as of FY2025, as shown in **Exhibit 8** below:

Exhibit 8

Economic Development Department's Updated Status of the 11 Mission Bay Leases, Permits, Agreements, and Licenses in Holdover:

Mission Bay Lessee	Type of Agreement	Current Agreement Status	Updates on Current Status
SPORTSMENS SEAFOOD CO INC	Lease	Holdover	RFP was issued. Received one proposal from current lessee. Staff evaluating options for competitive solicitation. Current tenant is not in good standing. Staff addressing issues with tenant.
WESCO SALES CORP	Lease	Holdover	RFP was issued. Received six proposals of which three were shortlisted. The selection committee has made a selection. Staff has initiated lease negotiations.
VERIZON WIRELESS VAW LLC ROW-QUIVIRA RD	Lease	Holdover	Jan 2023 Rent Adjustment in accordance with Lease terms. Currently in negotiation for new template for Verizon Agreements to get out of holdover.
KAI ELUA OUTRIGGER CANOE CLUB	Permit	Holdover	July 1, 2025 Rent Adjusted (yearly rent adjustment according to CP700-08) Terms agreed upon and currently w/ CAO for new license drafting.
KAPOLIOKA EHUKAI OUTRIGGER CANOE	Permit	Holdover	July 1, 2025 Rent Adjusted (yearly rent adjustment according to CP700-08) Terms agreed upon and currently w/ CAO for new license drafting.
SD ALLIANCE FOR ASIAN PACIFIC	Permit	Holdover	July 1, 2025 Rent Adjusted (yearly rent adjustment according to CP700-08) Terms agreed upon and currently w/ CAO for new license drafting.
SAN DIEGO CANOE & KAYAK TEAM	Permit	Holdover	July 1, 2025 Rent Adjusted (yearly rent adjustment according to CP700-08) Terms agreed upon and currently w/ CAO for new license drafting.
SD DRAGON BOAT RACING TEAM	Permit	Holdover	July 1, 2025 Rent Adjusted (yearly rent adjustment according to CP700-08) Terms agreed upon and currently w/ CAO for new license drafting.
SAN DIEGO PARASAIL ADVENTURES INC	License	Holdover	This tenant license terminated October 17th, 2025.
OMBAC	Non-Revenue Agreement	Holdover	Non-revenue agreement. Consideration to City is donation to City of two buildings and performance of a general development plan. EDD working with Parks & Rec to determine long-term plan for this agreement.
BOY SCOUTS OF AMERICA	Non-Revenue Agreement	Holdover	Non-revenue agreement. Currently in negotiations with tenant for a new lease, which will include non-profit MB rent according to CP700-08.

Source: Table provided by EDD.

Recommendation 4.1 (Priority 3)

To ensure that the oversight committees have sufficient information to execute their responsibilities per City Charter, and that they are able to review and verify the allocation and use of improvement funds in compliance with City Charter, the Parks and Recreation Department and Engineering and Capital Projects Department should work with both the Mission Bay Improvement Fund and San Diego Regional Parks Improvement Fund Oversight Committees to reach an agreement and mechanism to specify which specific project elements should be provided and the frequency that the departments should generate and share the reports. For example:

a. A well-defined project scope and, when a project scope has changed since the previous reporting cycle, an explanation on why the project scope changed;
b. Project cost estimates and, when a project cost estimate has materially changed since the previous reporting cycle, an explanation on why the cost estimate changed;
c. Estimated timelines for the current project phase completion and the final project completion and, when current project phase and final project completion timelines have been significantly extended, an explanation on why timelines were extended;
d. Project expenditures to date, specifying total contractor, overhead, City personnel, and relevant permit or inspection expenditures; and
e. Project expenditures by project phase (i.e., Bid/Award, Construction, Design, Planning, Post-Construction).

Target Implementation Date: December 2026

In Process

This recommendation is in process. At the time of this audit, City Departments had not reached a formal agreement with both improvement fund oversight committees on which specific project elements should be provided and the frequency that the departments should generate and share the reports. However, Parks and Recreation anticipates it will reach an agreement with both improvement fund oversight committees within the next two months.

Notably, Engineering and Capital Projects (E&CP) stated it provided more specific project information to the committee at the July 2026 San Diego Regional Parks Improvement Fund Oversight Committee meeting, including: scope, project cost estimate, schedule, project expenditures to-date by project phase, and City personnel costs to-date by project phase. E&CP stated that it will present a similar presentation to the Mission Bay Improvement Fund Oversight Committee in September 2026. E&CP also stated that it intends to provide a presentation every six months of projects with substantial scope/budget/schedule changes and Parks and Recreation will obtain confirmation from both oversight committees to ensure it meets each respective committee's' needs.

The San Diego Regional Parks Improvement Fund Oversight Committee stated that significant efforts by City staff have been made to improve project presentations to the oversight board.

Appendix A

Definition of Audit Recommendation Priorities

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below.

While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation, taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

PRIORITY CLASS*	DESCRIPTION
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent nonfiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls exists.
3	Operation or administrative process will be improved.

* The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation that clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B

Audit Objectives, Scope, and Methodology

Objective

In accordance with the Office of the City Auditor's Fiscal Year 2026 Audit Work Plan, we conducted a performance audit of the Mission Bay and San Diego Regional Parks Improvement Funds for fiscal year (FY) 2025. Our audit objectives were:

1. Determine whether the revenues subject to Charter Section 55.2 are being properly recorded and accounted for in the financial records of the City of San Diego.
2. Determine whether the expenditures charged against the Mission Bay Park and San Diego Regional Parks Improvement Funds are consistent with the requirements of Charter Section 55.2.
3. Determine whether the Oversight Committees are being properly informed consistent with the criteria in Charter Section 55.2 and municipal code requirements.
4. Assess the implementation status of the four open recommendations from last year's FY2024 Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds.

Scope

Our scope included lease revenues received during FY2025 from properties located on Mission Bay Park lands, and expenditures recorded during FY2025 to capital projects charged to the Mission Bay Improvement Fund and the San Diego Regional Parks Improvement Fund. In addition, we reviewed the composition and communications during FY2025 of the Mission Bay Improvement Fund Oversight Committee and the San Diego Regional Parks Improvement Fund Oversight Committee.

Methodology

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

- Reviewed pertinent policies and regulations related to Mission Bay Park lease revenues;
- Gathered and analyzed financial information related to Mission Bay Park lease revenues;
- Made inquiries with management and Economic Development Department staff in charge of managing and monitoring information related to Mission Bay Park leases and lease revenues;
- Corresponded with the Department of Finance regarding the annual Mission Bay revenue transfer calculation;

- Analyzed each credit list distributed to City Departments by the Office of the City Treasurer in FY2025;
- Analyzed the June 2026 credit list that was distributed to City Departments by the Office of the City Treasurer;
- Reviewed the current status of the Office of the City Treasurer's audits of percentage lease agreements in Mission Bay;
- Reviewed credit list email correspondence between the Office of the City Treasurer and City Departments;
- Analyzed the quality and sufficiency of the reporting to the Mission Bay Park and San Diego Regional Parks Improvement Fund Oversight Committees;
- Verified the calculation and reporting of project expenditures; and
- Followed up on any outstanding recommendations from prior reports.

Data Reliability

We did not test the reliability of the City's financial reporting system as it is the system of record for preparation of the Annual Comprehensive Financial Report and is therefore audited each year by the independent audit firm for those annual statements.

Internal Controls Statement

Our review of internal controls was limited to those controls relevant to the audit objectives described above. Specifically, we reviewed City Charter and Municipal Code requirements; reviewed policies and procedures documents; interviewed department management; and reviewed financial reports and exported data from City systems.

Compliance Statement

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.

Appendix C

Prior Year's Mission Bay and San Diego Regional Parks Improvement Funds Financial Activity, As of June 30, 2024

	Mission Bay Revenues	Regional Park Revenues
Fiscal Year	**Revenues [1]**	**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
2017	6,622,302	3,595,326
2018	8,654,483	4,604,147
2019	8,176,992	4,315,001
2020	3,333,430	3,831,994
2021	646,377	2,000,841
2022	10,843,520	5,774,310
2023	12,801,956	6,814,165
2024	12,126,627	6,409,543
Total as of June 30, 2024	$93,118,375	$54,472,409
	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
2017	472,168	1,040,585
2018	6,266,591	2,756,468
2019	3,596,424	3,363,902
2020	7,346,290	7,487,376
2021	4,844,552	6,413,688
2022	9,314,621	3,001,231
2023	7,678,735	1,507,612
2024	9,526,261	6,373,720
Total as of June 30, 2024	$49,290,969	$36,215,033
Available balance June 30, 2024	$43,827,406	$18,257,376

Source: OCA generated based on SAP financial data

Appendix D

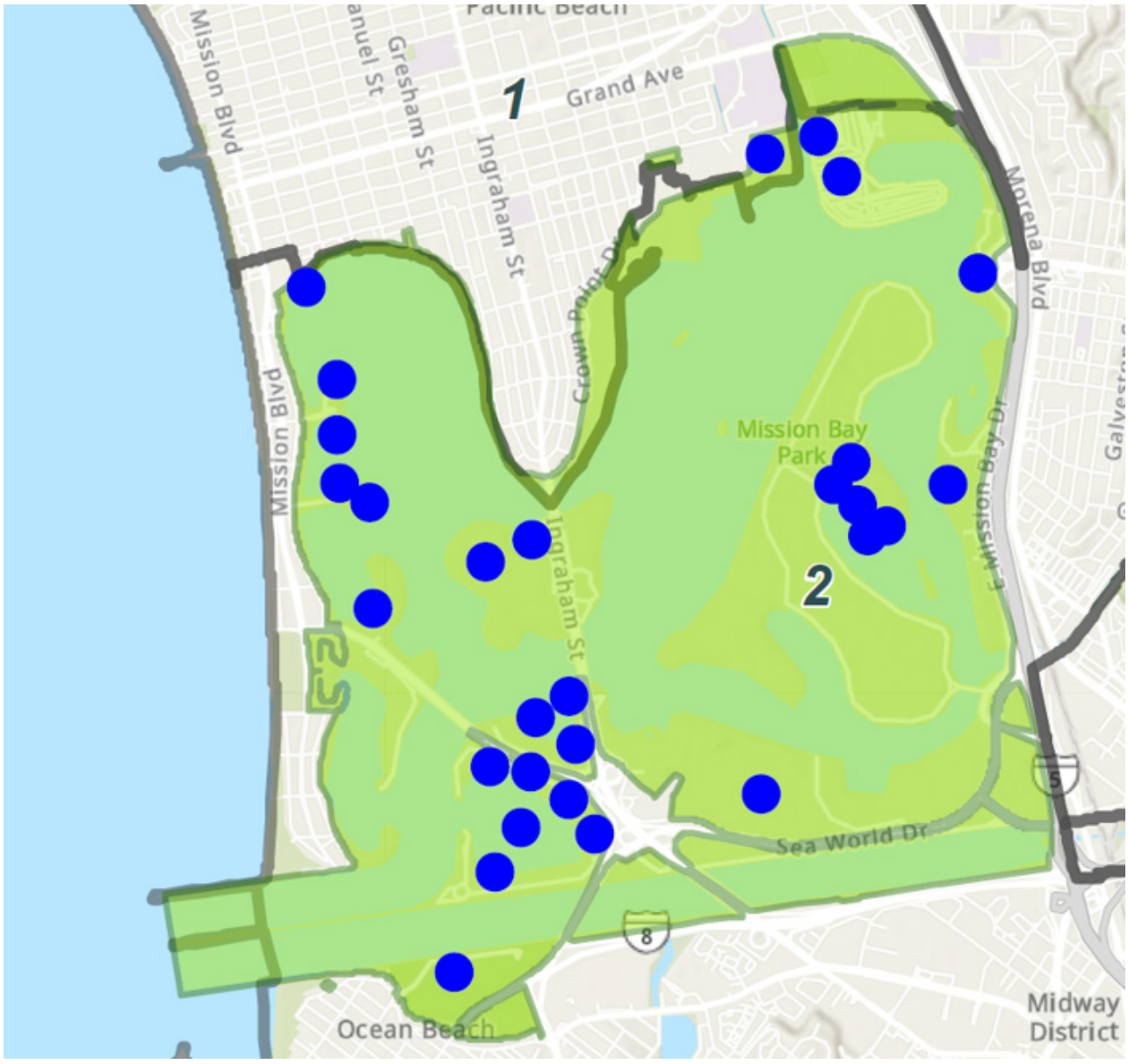
Fiscal Years 2025 and 2024 Mission Bay Park Lease Revenue and Location Map

Mission Bay Lessee	Revenue Amount FY 2024	Revenue Amount FY 2025	Change from FY2024
SEA WORLD LLC	$ 13,301,239.20	$ 9,915,933.74	$ (3,385,305.46)
DBA CHESAPEAKE LODGING TRUST	$ 4,493,560.00	$ 5,282,507.00	$ 788,947.00
LHO MISSION BAY ROSIE HOTEL LP	$ 4,567,294.28	$ 4,853,837.85	$ 286,543.57
PEBBLEBROOK HOTEL TRUST	$ 3,233,716.07	$ 2,939,599.28	$ (294,116.79)
BAHIA STERNWHEELERS INC	$ 2,859,082.16	$ 2,889,533.22	$ 30,451.06
CAMPLAND LLC	$ 1,597,534.30	$ 1,672,133.01	$ 74,598.71
BARTELL HOTELS	$ 1,892,060.94	$ 1,553,814.04	$ (338,246.90)
SEAFORTH SPORTFISHING CORP	$ 1,566,217.50	$ 1,454,767.91	$ (111,449.59)
SCPT MARINA VILLAGE LLC	$ 1,000,508.88	$ 1,013,022.90	$ 12,514.02
DRISCOLL MISSION BAY LLC	$ 971,129.03	$ 911,427.84	$ (59,701.19)
MISSION BAY YACHT CLUB	$ 592,591.12	$ 578,863.04	$ (13,728.08)
WESCO SALES CORP	$ 526,988.98	$ 504,424.82	$ (22,564.16)
SPORTSMENS SEAFOOD CO INC	$ 246,577.10	$ 373,814.63	$ 127,237.53
SD MISSION BAY BOAT & SKI CLUB	$ 222,828.32	$ 200,746.24	$ (22,082.08)
EVERINGHAM BROS BAIT CO	$ 98,954.40	$ 98,954.40	$ -
SAN DIEGO PARASAIL ADVENTURES INC	$ 97,620.28	$ 96,674.47	$ (945.81)
SAN DIEGO STATE UNIVERSITY ASSOCIATED ST	$ 61,330.45	$ 66,260.00	$ 4,929.55
SHORLINE MISSION BAY LLC	$ 60,000.00	$ 65,407.83	$ 5,407.83
VERIZON WIRELESS VAW LLC	$ 50,038.74	$ 51,790.09	$ 1,751.35
EVANS HOTELS	$ 54,129.01	$ 49,243.51	$ (4,885.50)
MISSION BAY SPORTS CENTER	$ 1,284,209.06	$ 26,788.03	$ (1,257,421.03)
VERIZON WIRELESS VAW LLC ROW	$ 12,498.42	$ 12,498.42	$ -
SAN DIEGO CANOE & KAYAK TEAM	$ 5,967.22	$ 11,313.79	$ 5,346.57
SD DRAGON BOAT RACING TEAM	$ 7,170.60	$ 6,742.70	$ (427.90)
SD ROWING CLUB/INTERCOLLEGIATE ROWING	$ 53,852.70	$ 6,124.78	$ (47,727.92)
SD ALLIANCE FOR ASIAN PACIFIC	$ 3,330.00	$ 3,200.00	$ (130.00)
KAPOLIOKA EHUKAI OUTRIGGER CANOE	$ 3,330.00	$ 3,100.00	$ (230.00)
KAI ELUA OUTRIGGER CANOE CLUB	$ 2,664.00	$ 2,560.00	$ (104.00)
SPRINT PCS ASSETS LLC	$	(65,571.10)	$ (65,571.10)
Grand Total Including Credits	**$ 38,866,422.76**	**$ 34,579,512.44**	**$ (4,286,910.32)**
Adjustments for Accrual Entries	$ (946,977.59)	$ 2,054,846.46	$ 3,001,824.05
Total Including Accruals	**$ 37,919,445.17**	**$ 36,634,358.90**	**$ (1,285,086.27)**
Adjustments for Deferred Revenue, & Penalties	$ (933,834.49)	$ 12,107,516.61	$ 13,041,351.10
Adjusted Total Lease Revenue	**$ 36,985,610.68**	**$ 48,741,875.51**	**$ 11,756,264.83**
General Fund Threshold	$ (20,000,000.00)	$ (20,000,000.00)	
Revenues Exceeding the Threshold	**$ 16,985,610.68**	**$ 28,741,875.51**	**$ 11,756,264.83**
Transfer to San Diego Regional Park Improvement Fund	**$ 5,944,963.74**	**$ 10,059,656.43**	**$ 4,114,692.69**
Transfer to Mission Bay Improvement Fund	**$ 11,040,646.94**	**$ 18,682,219.08**	**$ 7,641,572.14**

Source: OCA generated based on SAP financial date provided by the Department of Finance.

Appendix D Continued

Mission Bay Park Land Boundary – Lease Location Map



Note: Map excludes Sprint PCS and Verizon Wireless.

Source: OCA generated based on City of San Diego's City Owned Property web map, City's Open Data list of Mission Bay lessees, and Google maps search of lease locations.

Appendix E

San Diego Regional Park Improvement Fund Projects & Expenditures for Fiscal Year 2025

Projects	Purpose	Expenditures FY2025 [1]
New project expenditures:		
L250002 Organ Pavilion Comfort Station	This is Phase 2 of a four-phase project that provides for comfort station improvements at locations throughout Balboa Park.	$ 8,822
Ongoing project expenditures:		
S20005 Balboa Park Botanical	The project provides for the restoration of the existing building to the original design as much as possible.	$ 2,023,478
P24017 Crystal Pier Improvements	This project is to replace damaged wooden pier piles at Crystal Pier.	$ 1,071,235
P23002 Old Mission Dam Dredging	This project provides for dredging of the historic Old Mission Dam.	$ 482,395
L180011 Chollas Lake Electrical Improvements	The first priority project is to provide electrical service to the park which will allow extended use of the park and provide a higher level of security.	$ 421,467
S15034 Junipero Serra Museum ADA	This project provides ADA access to the Junipero Serra Museum within Presidio Park.	$ 372,132
L220011 Ocean Beach Full Pier Replacement	This project includes the design and construction for the demolition and replacement of the Ocean Beach Pier.	$ 316,796
B22012 Old Salt Pool Access Stairs	This project is to provide a safe and compliant access to the beach. The scope of work of this project includes the design and construction of a new set of access stairs that generally follows the footprint of the previous design.	$ 262,074
S13008 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.	$ 238,096
B17110 Bermuda Ave Coastal	This project provides reconstruction of stairway and seawall.	$ 214,316
B18026 Narragansett Avenue Access	This project is for repairing Narragansett Avenue Beach Access.	$ 209,576
B20116 Air Space Museum Roof Replacement	This project provides for Air & Space Museum building roof replacement.	$ 200,561

[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.

Projects	Purpose	Expenditures FY2025 [1]
Ongoing project expenditures:		
B20054 West Sycamore Staging Area	This project provides for improvements including a prefab comfort station, shade structure, ADA accessible parking, and new portable office trailer.	$ 137,500
L140051 Demolition of Loma Land Structures	This project provides for the removal of existing houses located on parkland.	$ 120,570
B20060 Chicano Park Improvements Phase III	The project provides for improvements for storm drains, lighting, paths of travel at Chicano Park.	$ 80,276
L140052 Hillside Drainage Imp	This project provides for drainage improvements at Sunset Cliffs Natural Park including restoration of natural areas to allow water percolation, and installation of site appropriate drainage devices.	$ 60,577
P24000 Balboa Park Cottages	This project is to provide a survey and system upgrade design of the electrical service to the older international cottages in Balboa Park.	$ 60,072
L160012 Sunset Cliffs Phase 2	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.	$ 26,202
B18236 Black Mountain Mine Remediation	Closure and remediation/reclamation of Black Mountain Mine.	$ 14,052
S14006 El Cuervo Adobe Imp	This project provides for drainage improvements and stabilization of the El Cuervo Adobe wall ruins.	$ 5,973
B18027 Santa Cruz Ave Access	This project is for Santa Cruz Avenue Beach Access stairs and walkway.	$ 1,213
P24012 Camino de la Costa Stairs	This original project was to provide for the replacement of concrete sidewalls, handrails, and patching lower steps to restore function and safety to existing stairs. Also includes ADA and adjacent parking improvements. During FY24 this project changed to a feasibility study to replace the beach access stairway.	$ 46

[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.

Completed Project Expenditures:		
Projects	**Purpose**	**Expenditures FY2025 [1]**
P24011 Spindrift Dr Walkway	The project provides improvements to walkway.	$ 191,568
L220013 OB Pier 2024 Assessment	To execute the immediate forensic engineering, structural diving surveys, and post-storm damage evaluations required following the historic high-surf events of late 2023 and early 2024.	$ 25,598
B20055 Cowles Mtn CS Access	The project provides for the replacement of a comfort station and the addition of a sewer lateral to eliminate an existing sewer pump.	$ 2,393
	Total Fiscal Year 2025 Expenditures:	**$ 6,546,989**

[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.

Appendix F

Mission Bay Improvement Fund Projects & Expenditures for Fiscal Year 2025

Projects	Purpose	Expenditures FY2025 [1]
Ongoing project expenditures:		
B17179 Mission Bay Athletic Comfort Station Mod	This existing comfort station and concession stand is to be demolished and replaced with a prefabricated building with single stall restrooms, sinks on the exterior, and concession stand.	$ 1,918,007
B18226 El Carmel Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 1,697,407
B18234 North Cove Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 1,492,785
B19179 Hospitality Point Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 1,156,894
B19159 Sunset Point Parking Lot Improvements	Parking lot improvements	$ 741,662
B18227 Ventura Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 725,028
B18079 Mission Bay Projects EIR	This project is for the Environmental Impact Report for Mission Bay Projects.	$ 682,131
B20107 DeAnza NE Parking Lot Improvments	Parking lot improvements	$ 482,991
B19176 Sunset Point Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 357,199
B19173 Playa Pacifica Playground & Basketball Court	This project provides for the replacement of the existing playground and repair of the existing asphalt basketball courts within the area known as Playa Pacifica near the old visitors' center off East Mission Bay Drive in Mission Bay Park.	$ 186,691
B19212 Robb Field Gateway Path	This project is to complete the walkway between the plaza in the northwest corner of Sunset Cliffs Blvd and West Point Loma Blvd and the walkway system within Robb Field.	$ 180,892
B19156 Hospitality Point Parking Lot Improvements	Parking lot improvements	$ 173,767
B19162 Playa Pacific No Parking Lot Improvements	Parking lot improvements	$ 139,946
B19172 Playa Pacifica Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 127,317

[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.

Projects	Purpose	Expenditures FY2025 [1]
Ongoing project expenditures:		
B19016 Tecolote South Playground Improvements	Improvements and Replacement of playground equipment	$ 127,130
B19130 Beautification of Traffic Island Group 1	This project provides for the study of signage (monument and wayfinding) and associated landscaping for Mission Bay Park.	$ 109,081
B19022 Crown Point Parking Lot Improvements	Parking lot improvements	$ 88,218
B19015 Tecolote South Comfort Station Imp	Replacement and upgrade of comfort station.	$ 85,792
B19133 Robb Field Turf & Irrigation Improvement	Scope includes: the removal of existing turf, conducting soil testing, installing a new irrigation system, and doing fine grading to ensure proper drainage.	$ 83,284
B19157 Robb Field Parking Lot Improvements	Parking lot improvements	$ 77,492
B19021 Crown Point Playground Improvements	Improvements and Replacement of playground equipment	$ 64,013
B19174 Robb Field Comfort Station Imp	Replacement and upgrade of comfort station.	$ 57,831
B19187 Robb Field Recreation Center	Upgrade and replacement of the Recreation Center	$ 43,601
B19158 Dusty Rhodes Parking Lot Improvements	Parking lot improvements	$ 41,068
B19017 Tecolote South Parking Lot Improvements	Parking lot improvements	$ 39,911
B19181 Dusty Rhodes Playground	Improvements and Replacement of playground equipment	$ 34,418
B18233 Tecolote North Comfort Station Imp	Replacement and upgrade of comfort station.	$ 30,405
B19175 Robb Field Playground	Improvements and Replacement of playground equipment	$ 29,900
B18231 Tecolote North Parking Lot Improvements	Parking lot improvements	$ 26,338
B19180 Dusty Rhodes Comfort Station Improvement	Replacement and upgrade of comfort station.	$ 26,304
B18232 Tecolote North Playground Improvements	Improvements and Replacement of playground equipment	$ 13,540
B19163 Rose Marie Starns So Parking Lt Imprvemts	Parking lot improvements	$ 15

[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.

Completed Project Expenditures:		
Projects	**Purpose**	**Expenditures FY2025 [1]**
B10163 Mission Bay Dredging Rose Creek	This project provides for dredging of Mission Bay.	$ 28,516
B18223 Adult Fitness Course East Shore	Construct the fitness course improvements.	$ 15,280
B19029 Santa Clara Playground Improvements	Improvements and Replacement of playground equipment	$ 3,859
B19032 Santa Clara Comfort Station Improvements	Replacement and upgrade of comfort station.	$ 3,018
	Total Fiscal Year 2025 Expenditures:	**$ 11,091,729**

[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: October 23, 2026

TO: Andy Hanau, City Auditor, Office of the City Auditor

FROM: Casey Smith, Chief Housing & Community Development Officer
Rania Amen, Chief Community Services Officer & City Engineer

SUBJECT: Management Response to Office of the City Auditor's Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2025

This memorandum serves as the management response to the Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2025 (Performance Audit). At the time this response was written, the draft Performance Audit provided to management contained no findings or recommendations. Department staff and management appreciate the Performance Audit prepared by the Office of the City Auditor and thank the staff involved.

Management remains highly committed to the continued improvement of our financial and operational processes across all departments involved. As noted in the Performance Audit, City staff have successfully worked towards resolving several key issues identified during the prior year review. Specifically, the moratorium necessitated by the consolidation of the Real Estate Division into the Economic Development Department ended in April 2025; the backlog of unresolved payments was largely resolved; and the assessment of late fees was successfully resumed.

While the current audit report contains no new recommendations, management acknowledges that several follow-up recommendations from the prior year's audit remain in process. Management will continue to prioritize collaboration to fully resolve these remaining items and ensure the transparent, compliant administration of the Mission Bay and San Diego Regional Parks Improvement Funds.

cc: Honorable Mayor Todd Gloria
Honorable City Attorney Heather Ferbert
Paola Avila, Chief of Staff, Office of the Mayor
Bethany Bezak, Chief Operating Officer
Charles Modica, Independent Budget Analyst
Rolando Charvel, Chief Financial Officer
Scott Wahl, Chief, Police Department
Robert Logan, Chief, Fire-Rescue Department
Kris McFadden, Chief Infrastructure Officer
Matt Yagyagan, Director of Policy, Office of the Mayor
Emily Piatanesi, Policy Advisor, Office of the Mayor
Jeff Peelle, Assistant Director, Department of Finance



sandiego.gov/auditor