

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

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Jim Barwick- Director of Real Estate Assets

Patty Phillips – Property Agent of Real Estate Assets

What is the nature of the City's real estate holdings in the park and how are they administered?

There are many different types of agreements:

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 - Typically the tenant is required to run and maintain the facility. Sometimes there is compensation. Generally, in the case of non-profit leases, there isn't any compensation.
- **Right of entry** = generally short term agreements, usually three years or less.
 - Whether rent is charged for those depends on the nature of the agreement.
 - Park and Recreation can also issue rights of entry for construction projects within BP.
- **Concession Agreements**= agreements with vendors (coffee carts, etc.)
 - Rent is usually determined by the percentage of sales
- **Sub-lease** = City has a lease with a tenant and the tenant sub-leases a portion of its space to another entity
 - The city has the right of consent to that agreement
 - The sub-lease is required to adhere to all of the terms of the master lease as well as additional terms that the tenant may want to impose.
- **Preferred non-exclusive use and occupancy permits/Special use permits**, these are short term permits and they are issued by Park and Rec. typically for some type of event.

In all, the city has 41 leases in Balboa Park. The majority of them are with the museums and cultural institutions. All the leases and their type of agreement are listed in the hand out distributed.

The Real Estate Assets Department is in the process of re-writing the city policies governing the sale and leasing of city's real estate. The old policies were written a long time ago and a lot of it is not applicable to good business practices. The umbrella policy, which outlines the sale policy and the umbrella policy for general leasing policies, is going to City Council in September; there is no docket date for it yet. Once that is in place, all the policies will be revised for our individual tenant groups. Then there will be a full outreach program and will be back in front of the Balboa Park Committee for input.

Questions and Answers:

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Answer – Jim Barwick responded: *That can happen and that is part of the negotiation with each individual tenant. That's one of the things that in the overall of the policies we must have a consistent policy in which we deal with all of the tenants in the same way.*

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Answer - *Jim Barwick responded: No. We have not set a schedule. I would suggest it would be towards the end of that cycle.*

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How does the City of San Diego establish the value of the lease hold? What provisions in the leases and/or other agreements require the lessee to pay for BP common area operating costs?

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Answer - Jim Barwick responded: *Most of the leases cover maintenance of the facilities. Generally, the tenants that invest in larger capital improvements come to this department and ask for an extension of their lease to offset the investment they made on the improvements.*

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When changes are made to the leasing policies, the leases that are in place are in place, those are contracts. It doesn't change those contracts; it just changes the policies that govern how the leases will be granted going forward. But there is nothing to prevent, under a new negotiated lease, the requirement of capital investment in the facility to cover all the costs, not just for the interior.

Kathleen Hasenauer – Deputy Director Developed Regional Parks

Preferential non-exclusive use and occupancy permit -

- Almost in all instances insurance is required
- The two permits (preferential and special use) are somewhat identical in nature, the only difference between the two is that the preferential has responsibility for maintenance
- These facilities are available to the citizens when they can provide services that due to staffing, the city cannot provide. (ie, civic, social, educational, cultural, recreational, etc.)
- The preferential permit is issued to a specific area
- With both agreements the groups must be open to the public and must not discriminate
- They are able to charge, but it must go into their activities
- They must carry Pepsi products.
- They are required to have proper licensing for the music they are playing.

Special Use Permit -

- Given to groups that are meeting

- To groups for rehearsal purposes
- The permit user is required to keep accurate financial records
- Requirement of a list of their by-laws and a roster of their board of directors

Many of the preferential and special use permits provide a lot of free activities, and also participate in providing those activities or entertainment during December Nights.

Kathleen added that premises are called out, If a group wanted to use another location they would pay for that location as a non-profit non-admission fee as established in our fee packet. Or if they wanted to use any of the facilities after hours of operation they would pay that charge. Under any other circumstances the premises are free of charge.

Bruce Martinez- Balboa Park District Manager

Right of entry permits

- Issued to outside contractors
- Provides guidelines
- Protects city of liability
- Proof of insurance from the committee indemnifying the city
- The permit has a three part approval process (Deputy Director, Development Services, and the City Attorney's office)

Questions and Answers:

#13 Question - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

#14 Question - *It seems that there has been overlap between Real Estate Assets Dept. and Park and Rec., can you tell us how some of that has worked out?*

Answer - *Real estate is responsible for managing the leases. <For example>House of Hospitality, if they want to take on some type of tenant improvement, they would approach the Real Estate Assets Dept. Real Estate then would call us (Park and Rec.) for our feedback. Depending on the project, they may have to come to the BP committee and, in some instances, to the Park and Rec. Board.*

#15 Question - *Can you explain the range of fees that come back to park and recreation?*

Answer - *The SUP have no fees associated with them. Groups that have membership fees may benefit Park and Rec., but it doesn't necessarily come to Park and Rec. If they use any facility during hours of non-operation those rental fees go into the General fund. We would be happy to provide a list of permit definitions for you.*

Public Speaker #2 - Delouth Smith - President of the San Diego Youth Symphony

To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
- The Park and Rec. Board and the City Council have encouraged non-profit organizations to develop cultural, educational, and recreational programs through the utilizations of the buildings in BP.
- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
- Employment of more than 3,500 citizens.
- Combined capital investments add up to more than \$200M
- Complimentary admissions equal \$2M annually

#16 Question - *What is the tax payer liability for the operation of the institutions? There are 3,500 employees that would become the liability of the city if the non-profits weren't there.*

Answer - *That is correct. If the city had to run all of the organizations, the numbers would be enormous.*

David Lang will give the chair the fact sheet of the expenditures of the organizations for posting and also an explanation of who owns the artifacts in the institutions.

#17 Question - *There is a lack of funding to support all of Balboa Park, though there are the benefits of people coming from out of town and there is TOT, it does not find its way back to the park. And we know that there will never be an admission fee to enter BP. How do we best address the possibility of a revenue source from the users to benefit all of BP. Residents of San Diego are doing more than their share. <What about > user fees, whether it is event related, or coming to the cultural institutions. And the extra money is used to offset the underwriting that the City does.*

Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

She informed everyone that there is a list of websites on BalboaPark.org. The SanDiego Foundation will also put it up on their website. There is also a FAQ handout available now.

Chairperson Granowitz organized a list of proposed meetings to discuss study related topics, which she passed out to the rest of the committee. Initially, the committee was asked to finish sometime in early Fall, but that seemed challenging. This list of proposed topics takes this project all the way through November and into December, possibly into January. This is not available to the public yet because there are no dates attached to them and it is the first time the committee is looking at them. Chairperson Granowitz explained what the topics will be and the materials that will be brought to the table. She asked the committee to give their input on the proposed schedule.

Some committee members suggested that one of the topics to be discussed should be “fee schedule” and it could be added as a public comment item on an agenda.

Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

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- Proof of insurance from the committee indemnifying the city
- The permit has a three part approval process (Deputy Director, Development Services, and the City Attorney's office)

Questions and Answers:

#13 Question - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

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To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
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(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

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- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
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Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

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I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

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Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

Chairperson Granowitz explained that the only thing the committee is doing is answering three questions. Does the City have the money? Should it be the only one? Regarding management of the park, are there any other options that can be considered? The one type of management that is not being considered at all is privatization. The committee is advisory only.

Mr. Stump wanted to continue discussion after his three minutes of public comment. Chairperson Granowitz informed him that there could be no cross talk about the subject he brought up during his three minutes; it would violate the Brown Act because it is not on the Agenda.

WORKSHOP ITEMS

Chairperson Granowitz passed out a list of questions that was put together for the Real Estate Assets Department representatives to answer.

Jim Barwick- Director of Real Estate Assets

Patty Phillips – Property Agent of Real Estate Assets

What is the nature of the City's real estate holdings in the park and how are they administered?

There are many different types of agreements:

- **Lease** = Long-term agreement, usually a document documents that agreement
 - They are approved by Council if they are in an agreement of 3 years or more. Extensions also have to be approved by Council.
 - There are different ways the leases are granted, they go through an RFP process in certain cases.
 - Typically the tenant is required to run and maintain the facility. Sometimes there is compensation. Generally, in the case of non-profit leases, there isn't any compensation.
- **Right of entry** = generally short term agreements, usually three years or less.
 - Whether rent is charged for those depends on the nature of the agreement.
 - Park and Recreation can also issue rights of entry for construction projects within BP.
- **Concession Agreements**= agreements with vendors (coffee carts, etc.)
 - Rent is usually determined by the percentage of sales
- **Sub-lease** = City has a lease with a tenant and the tenant sub-leases a portion of its space to another entity
 - The city has the right of consent to that agreement
 - The sub-lease is required to adhere to all of the terms of the master lease as well as additional terms that the tenant may want to impose.
- **Preferred non-exclusive use and occupancy permits/Special use permits**, these are short term permits and they are issued by Park and Rec. typically for some type of event.

In all, the city has 41 leases in Balboa Park. The majority of them are with the museums and cultural institutions. All the leases and their type of agreement are listed in the hand out distributed.

The Real Estate Assets Department is in the process of re-writing the city policies governing the sale and leasing of city's real estate. The old policies were written a long time ago and a lot of it is not applicable to good business practices. The umbrella policy, which outlines the sale policy and the umbrella policy for general leasing policies, is going to City Council in September; there is no docket date for it yet. Once that is in place, all the policies will be revised for our individual tenant groups. Then there will be a full outreach program and will be back in front of the Balboa Park Committee for input.

Questions and Answers:

#1 **Question**– *Can a sub lease be a for-profit, does the city look at renegotiation of the lease in that case?*

Answer – Jim Barwick responded: *That can happen and that is part of the negotiation with each individual tenant. That's one of the things that in the overall of the policies we must have a consistent policy in which we deal with all of the tenants in the same way.*

#2 **Question** – *In the renegotiating of the lease with the Mission Bay Aquatic Center, they went well beyond an administrative fee the city was able to acquire some of that as part of the lease, where did that policy come from?*

Answer – Jim Barwick responded: *The Aquatic Center is unique, it has a non-profit component and a for profit component. What the city has gotten on that lease is a portion of the for profit area. The*

reason that was done was two fold – we felt there was some preferential treatment to graduates or alumni of local universities and we didn't feel that that was equitable because all the citizens pay for and support that aquatic center. The services they provided were competing with other vendors who provide the same services and it gave them an unfair advantage if they weren't paying a percentage rent on those types of revenues.

#3 Question – *But in the length of time that it took them to negotiate that lease, it seemed that there was a policy shifted with the city saying that, from the city's perspective, the highest and best use, and best return is what should be looked at and should be competitively rebid; and for other vendors to come to do a similar thing, is that part of any new policy that is moving forward at all?*

Answer - *Jim Barwick responded: The policy 700-10 addresses lease renewals. At the end of a lease you have two options: renegotiate with the existing tenant or go with an RFP. Both have pros and cons. The reason we had an exclusive negotiation with the aquatic center, was that in 1999 the cultural resource committee of council had authorized an exclusive negotiating agreement with that tenant. I don't know what happened between then and the time I got here, which was two years ago, but we decided to go forward with that agreement and correct the inequities that were in the previous lease.*

#4 Question – *Within BP, there are a variety of lease agreements and a lot of the tenants were paying about \$1 per year and then an administrative fee came into place, is that pretty consistent throughout BP?*

Answer - *Patty Phillips responded: Most are paying the administrative fee, but not all. As we consider these as part of our portfolio, we want more uniformity. And, very candidly, I don't think anyone has looked at the city's real estate for a long period of time as we are looking at it now. There are a lot of things we have to do, but we are in the process of doing them. I am hoping that we have all of these things looked at within a year.*

#5 Question - *You said that you are going to start reviewing city leases in September and end in about 12 months after that. Do you know about at what point you will hit Balboa Park?*

Answer - *Jim Barwick responded: No. We have not set a schedule. I would suggest it would be towards the end of that cycle.*

#6 Question - *You mentioned that there are 8 institutions that don't have a lease currently. I know World Beat and Centro Cultural de la Raza are two, do you know which the other 6 are? It is very difficult to try to raise any type of capital without a lease.*

Answer - *Patty Phillips responded: No, not off the top of my head.*

#7 Question - *How much revenue is collected from BP tenants each year and if you had to look at market rates comparing to other cities, what could be hoped for to get an optimized revenue stream?*

Answer - *Jim Barwick responded: That is a difficult question to answer, first of all, the rent collected is not enough for even the maintenance of the park. We don't have the exact amounts but we can have that tomorrow.*

Patty Phillips responded: For example, the miniature railroad pays \$50,000 a year and there are only 4 or 5 other tenants that pay rent.

#8 Question - *Are there any other types of real estate agreements that don't go through your office?*

Answer - *Jim Barwick responded: I think Park and Rec would have to answer that question.*

#9 Question - *Last month at a Park and Rec board meeting there was talk about you guys scanning documents and putting them online, we were told two weeks. Is that in process?*

Answer - Jim Barwick responded: *We are in the process of that. We have been hard at that for 3 months now. It has been a two phase process, and it has been a mundane process. We do want to make this available to the public.*

#10 Question - *What happens if someone violates the conditions of the lease, is there a policy on how to deal with that?*

Answer - Jim Barwick responded: *The punishment must fit the crime. If a tenant is found in default of his lease, the tenant has a period of time to correct that default. As an extreme case we could terminate the lease.*

#11 Question - *It would be interesting to see what the cost would be to the city if the city had to recruit nonprofits in arts and culture to come into the city to provide certain types of programming. Has there ever been analysis done from that perspective?*

Answer - *It's not really what this department does.*

Public Speaker #1- John Lomack –

How does the City of San Diego establish the value of the lease hold? What provisions in the leases and/or other agreements require the lessee to pay for BP common area operating costs?

Jim Barwick responded: *On a for-profit, it is determined by an appraiser. In the case of BP, because of the nature of the leases here, the city generates very little revenue out of BP. Therefore, a very small percentage of the common area is paid by the tenants.*

#12 Question - *Are the leases requiring the tenants to do all the longer term improvements or just the short term maintenance?*

Answer - Jim Barwick responded: *Most of the leases cover maintenance of the facilities. Generally, the tenants that invest in larger capital improvements come to this department and ask for an extension of their lease to offset the investment they made on the improvements.*

Patty Phillips responded: *What we've been doing in the past, most of the leases say the tenant maintains the interior and the city maintains the exterior. But if the tenant makes major improvements, they are responsible for the maintenance of that <completely>.*

When changes are made to the leasing policies, the leases that are in place are in place, those are contracts. It doesn't change those contracts; it just changes the policies that govern how the leases will be granted going forward. But there is nothing to prevent, under a new negotiated lease, the requirement of capital investment in the facility to cover all the costs, not just for the interior.

Kathleen Hasenauer – Deputy Director Developed Regional Parks

Preferential non-exclusive use and occupancy permit -

- Almost in all instances insurance is required
- The two permits (preferential and special use) are somewhat identical in nature, the only difference between the two is that the preferential has responsibility for maintenance
- These facilities are available to the citizens when they can provide services that due to staffing, the city cannot provide. (ie, civic, social, educational, cultural, recreational, etc.)
- The preferential permit is issued to a specific area
- With both agreements the groups must be open to the public and must not discriminate
- They are able to charge, but it must go into their activities
- They must carry Pepsi products.
- They are required to have proper licensing for the music they are playing.

Special Use Permit -

- Given to groups that are meeting

- To groups for rehearsal purposes
- The permit user is required to keep accurate financial records
- Requirement of a list of their by-laws and a roster of their board of directors

Many of the preferential and special use permits provide a lot of free activities, and also participate in providing those activities or entertainment during December Nights.

Kathleen added that premises are called out, If a group wanted to use another location they would pay for that location as a non-profit non-admission fee as established in our fee packet. Or if they wanted to use any of the facilities after hours of operation they would pay that charge. Under any other circumstances the premises are free of charge.

Bruce Martinez- Balboa Park District Manager

Right of entry permits

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- Almost in all instances insurance is required
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- With both agreements the groups must be open to the public and must not discriminate
- They are able to charge, but it must go into their activities
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Special Use Permit -

- Given to groups that are meeting

- To groups for rehearsal purposes
- The permit user is required to keep accurate financial records
- Requirement of a list of their by-laws and a roster of their board of directors

Many of the preferential and special use permits provide a lot of free activities, and also participate in providing those activities or entertainment during December Nights.

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- Provides guidelines
- Protects city of liability
- Proof of insurance from the committee indemnifying the city
- The permit has a three part approval process (Deputy Director, Development Services, and the City Attorney's office)

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#13 Question - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

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Answer - *Real estate is responsible for managing the leases. <For example>House of Hospitality, if they want to take on some type of tenant improvement, they would approach the Real Estate Assets Dept. Real Estate then would call us (Park and Rec.) for our feedback. Depending on the project, they may have to come to the BP committee and, in some instances, to the Park and Rec. Board.*

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Public Speaker #2 - Delouth Smith - President of the San Diego Youth Symphony

To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
- The Park and Rec. Board and the City Council have encouraged non-profit organizations to develop cultural, educational, and recreational programs through the utilizations of the buildings in BP.
- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
- Employment of more than 3,500 citizens.
- Combined capital investments add up to more than \$200M
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#16 Question - *What is the tax payer liability for the operation of the institutions? There are 3,500 employees that would become the liability of the city if the non-profits weren't there.*

Answer - *That is correct. If the city had to run all of the organizations, the numbers would be enormous.*

David Lang will give the chair the fact sheet of the expenditures of the organizations for posting and also an explanation of who owns the artifacts in the institutions.

#17 Question - *There is a lack of funding to support all of Balboa Park, though there are the benefits of people coming from out of town and there is TOT, it does not find its way back to the park. And we know that there will never be an admission fee to enter BP. How do we best address the possibility of a revenue source from the users to benefit all of BP. Residents of San Diego are doing more than their share. <What about > user fees, whether it is event related, or coming to the cultural institutions. And the extra money is used to offset the underwriting that the City does.*

Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

She informed everyone that there is a list of websites on BalboaPark.org. The SanDiego Foundation will also put it up on their website. There is also a FAQ handout available now.

Chairperson Granowitz organized a list of proposed meetings to discuss study related topics, which she passed out to the rest of the committee. Initially, the committee was asked to finish sometime in early Fall, but that seemed challenging. This list of proposed topics takes this project all the way through November and into December, possibly into January. This is not available to the public yet because there are no dates attached to them and it is the first time the committee is looking at them. Chairperson Granowitz explained what the topics will be and the materials that will be brought to the table. She asked the committee to give their input on the proposed schedule.

Some committee members suggested that one of the topics to be discussed should be “fee schedule” and it could be added as a public comment item on an agenda.

Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

Chairperson Granowitz explained that the only thing the committee is doing is answering three questions. Does the City have the money? Should it be the only one? Regarding management of the park, are there any other options that can be considered? The one type of management that is not being considered at all is privatization. The committee is advisory only.

Mr. Stump wanted to continue discussion after his three minutes of public comment. Chairperson Granowitz informed him that there could be no cross talk about the subject he brought up during his three minutes; it would violate the Brown Act because it is not on the Agenda.

WORKSHOP ITEMS

Chairperson Granowitz passed out a list of questions that was put together for the Real Estate Assets Department representatives to answer.

Jim Barwick- Director of Real Estate Assets

Patty Phillips – Property Agent of Real Estate Assets

What is the nature of the City's real estate holdings in the park and how are they administered?

There are many different types of agreements:

- **Lease** = Long-term agreement, usually a document documents that agreement
 - They are approved by Council if they are in an agreement of 3 years or more. Extensions also have to be approved by Council.
 - There are different ways the leases are granted, they go through an RFP process in certain cases.
 - Typically the tenant is required to run and maintain the facility. Sometimes there is compensation. Generally, in the case of non-profit leases, there isn't any compensation.
- **Right of entry** = generally short term agreements, usually three years or less.
 - Whether rent is charged for those depends on the nature of the agreement.
 - Park and Recreation can also issue rights of entry for construction projects within BP.
- **Concession Agreements**= agreements with vendors (coffee carts, etc.)
 - Rent is usually determined by the percentage of sales
- **Sub-lease** = City has a lease with a tenant and the tenant sub-leases a portion of its space to another entity
 - The city has the right of consent to that agreement
 - The sub-lease is required to adhere to all of the terms of the master lease as well as additional terms that the tenant may want to impose.
- **Preferred non-exclusive use and occupancy permits/Special use permits**, these are short term permits and they are issued by Park and Rec. typically for some type of event.

In all, the city has 41 leases in Balboa Park. The majority of them are with the museums and cultural institutions. All the leases and their type of agreement are listed in the hand out distributed.

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Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

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As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

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Jim Barwick- Director of Real Estate Assets

Patty Phillips – Property Agent of Real Estate Assets

What is the nature of the City's real estate holdings in the park and how are they administered?

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Answer - *Patty Phillips responded: No, not off the top of my head.*

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#8 Question - *Are there any other types of real estate agreements that don't go through your office?*

Answer - *Jim Barwick responded: I think Park and Rec would have to answer that question.*

#9 Question - *Last month at a Park and Rec board meeting there was talk about you guys scanning documents and putting them online, we were told two weeks. Is that in process?*

Answer - Jim Barwick responded: *We are in the process of that. We have been hard at that for 3 months now. It has been a two phase process, and it has been a mundane process. We do want to make this available to the public.*

#10 Question - *What happens if someone violates the conditions of the lease, is there a policy on how to deal with that?*

Answer - Jim Barwick responded: *The punishment must fit the crime. If a tenant is found in default of his lease, the tenant has a period of time to correct that default. As an extreme case we could terminate the lease.*

#11 Question - *It would be interesting to see what the cost would be to the city if the city had to recruit nonprofits in arts and culture to come into the city to provide certain types of programming. Has there ever been analysis done from that perspective?*

Answer - *It's not really what this department does.*

Public Speaker #1- John Lomack –

How does the City of San Diego establish the value of the lease hold? What provisions in the leases and/or other agreements require the lessee to pay for BP common area operating costs?

Jim Barwick responded: *On a for-profit, it is determined by an appraiser. In the case of BP, because of the nature of the leases here, the city generates very little revenue out of BP. Therefore, a very small percentage of the common area is paid by the tenants.*

#12 Question - *Are the leases requiring the tenants to do all the longer term improvements or just the short term maintenance?*

Answer - Jim Barwick responded: *Most of the leases cover maintenance of the facilities. Generally, the tenants that invest in larger capital improvements come to this department and ask for an extension of their lease to offset the investment they made on the improvements.*

Patty Phillips responded: *What we've been doing in the past, most of the leases say the tenant maintains the interior and the city maintains the exterior. But if the tenant makes major improvements, they are responsible for the maintenance of that <completely>.*

When changes are made to the leasing policies, the leases that are in place are in place, those are contracts. It doesn't change those contracts; it just changes the policies that govern how the leases will be granted going forward. But there is nothing to prevent, under a new negotiated lease, the requirement of capital investment in the facility to cover all the costs, not just for the interior.

Kathleen Hasenauer – Deputy Director Developed Regional Parks

Preferential non-exclusive use and occupancy permit -

- Almost in all instances insurance is required
- The two permits (preferential and special use) are somewhat identical in nature, the only difference between the two is that the preferential has responsibility for maintenance
- These facilities are available to the citizens when they can provide services that due to staffing, the city cannot provide. (ie, civic, social, educational, cultural, recreational, etc.)
- The preferential permit is issued to a specific area
- With both agreements the groups must be open to the public and must not discriminate
- They are able to charge, but it must go into their activities
- They must carry Pepsi products.
- They are required to have proper licensing for the music they are playing.

Special Use Permit -

- Given to groups that are meeting

- To groups for rehearsal purposes
- The permit user is required to keep accurate financial records
- Requirement of a list of their by-laws and a roster of their board of directors

Many of the preferential and special use permits provide a lot of free activities, and also participate in providing those activities or entertainment during December Nights.

Kathleen added that premises are called out, If a group wanted to use another location they would pay for that location as a non-profit non-admission fee as established in our fee packet. Or if they wanted to use any of the facilities after hours of operation they would pay that charge. Under any other circumstances the premises are free of charge.

Bruce Martinez- Balboa Park District Manager

Right of entry permits

- Issued to outside contractors
- Provides guidelines
- Protects city of liability
- Proof of insurance from the committee indemnifying the city
- The permit has a three part approval process (Deputy Director, Development Services, and the City Attorney's office)

Questions and Answers:

#13 Question - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

#14 Question - *It seems that there has been overlap between Real Estate Assets Dept. and Park and Rec., can you tell us how some of that has worked out?*

Answer - *Real estate is responsible for managing the leases. <For example>House of Hospitality, if they want to take on some type of tenant improvement, they would approach the Real Estate Assets Dept. Real Estate then would call us (Park and Rec.) for our feedback. Depending on the project, they may have to come to the BP committee and, in some instances, to the Park and Rec. Board.*

#15 Question - *Can you explain the range of fees that come back to park and recreation?*

Answer - *The SUP have no fees associated with them. Groups that have membership fees may benefit Park and Rec., but it doesn't necessarily come to Park and Rec. If they use any facility during hours of non-operation those rental fees go into the General fund. We would be happy to provide a list of permit definitions for you.*

Public Speaker #2 - Delouth Smith - President of the San Diego Youth Symphony

To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
- The Park and Rec. Board and the City Council have encouraged non-profit organizations to develop cultural, educational, and recreational programs through the utilizations of the buildings in BP.
- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
- Employment of more than 3,500 citizens.
- Combined capital investments add up to more than \$200M
- Complimentary admissions equal \$2M annually

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Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

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To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
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- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
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- Combined capital investments add up to more than \$200M
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Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

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Some committee members suggested that one of the topics to be discussed should be “fee schedule” and it could be added as a public comment item on an agenda.

Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

Chairperson Granowitz explained that the only thing the committee is doing is answering three questions. Does the City have the money? Should it be the only one? Regarding management of the park, are there any other options that can be considered? The one type of management that is not being considered at all is privatization. The committee is advisory only.

Mr. Stump wanted to continue discussion after his three minutes of public comment. Chairperson Granowitz informed him that there could be no cross talk about the subject he brought up during his three minutes; it would violate the Brown Act because it is not on the Agenda.

WORKSHOP ITEMS

Chairperson Granowitz passed out a list of questions that was put together for the Real Estate Assets Department representatives to answer.

Jim Barwick- Director of Real Estate Assets

Patty Phillips – Property Agent of Real Estate Assets

What is the nature of the City's real estate holdings in the park and how are they administered?

There are many different types of agreements:

- **Lease** = Long-term agreement, usually a document documents that agreement
 - They are approved by Council if they are in an agreement of 3 years or more. Extensions also have to be approved by Council.
 - There are different ways the leases are granted, they go through an RFP process in certain cases.
 - Typically the tenant is required to run and maintain the facility. Sometimes there is compensation. Generally, in the case of non-profit leases, there isn't any compensation.
- **Right of entry** = generally short term agreements, usually three years or less.
 - Whether rent is charged for those depends on the nature of the agreement.
 - Park and Recreation can also issue rights of entry for construction projects within BP.
- **Concession Agreements**= agreements with vendors (coffee carts, etc.)
 - Rent is usually determined by the percentage of sales
- **Sub-lease** = City has a lease with a tenant and the tenant sub-leases a portion of its space to another entity
 - The city has the right of consent to that agreement
 - The sub-lease is required to adhere to all of the terms of the master lease as well as additional terms that the tenant may want to impose.
- **Preferred non-exclusive use and occupancy permits/Special use permits**, these are short term permits and they are issued by Park and Rec. typically for some type of event.

In all, the city has 41 leases in Balboa Park. The majority of them are with the museums and cultural institutions. All the leases and their type of agreement are listed in the hand out distributed.

The Real Estate Assets Department is in the process of re-writing the city policies governing the sale and leasing of city's real estate. The old policies were written a long time ago and a lot of it is not applicable to good business practices. The umbrella policy, which outlines the sale policy and the umbrella policy for general leasing policies, is going to City Council in September; there is no docket date for it yet. Once that is in place, all the policies will be revised for our individual tenant groups. Then there will be a full outreach program and will be back in front of the Balboa Park Committee for input.

Questions and Answers:

#1 **Question**– *Can a sub lease be a for-profit, does the city look at renegotiation of the lease in that case?*

Answer – Jim Barwick responded: *That can happen and that is part of the negotiation with each individual tenant. That's one of the things that in the overall of the policies we must have a consistent policy in which we deal with all of the tenants in the same way.*

#2 **Question** – *In the renegotiating of the lease with the Mission Bay Aquatic Center, they went well beyond an administrative fee the city was able to acquire some of that as part of the lease, where did that policy come from?*

Answer – Jim Barwick responded: *The Aquatic Center is unique, it has a non-profit component and a for profit component. What the city has gotten on that lease is a portion of the for profit area. The*

reason that was done was two fold – we felt there was some preferential treatment to graduates or alumni of local universities and we didn't feel that that was equitable because all the citizens pay for and support that aquatic center. The services they provided were competing with other vendors who provide the same services and it gave them an unfair advantage if they weren't paying a percentage rent on those types of revenues.

#3 Question – *But in the length of time that it took them to negotiate that lease, it seemed that there was a policy shifted with the city saying that, from the city's perspective, the highest and best use, and best return is what should be looked at and should be competitively rebid; and for other vendors to come to do a similar thing, is that part of any new policy that is moving forward at all?*

Answer - *Jim Barwick responded: The policy 700-10 addresses lease renewals. At the end of a lease you have two options: renegotiate with the existing tenant or go with an RFP. Both have pros and cons. The reason we had an exclusive negotiation with the aquatic center, was that in 1999 the cultural resource committee of council had authorized an exclusive negotiating agreement with that tenant. I don't know what happened between then and the time I got here, which was two years ago, but we decided to go forward with that agreement and correct the inequities that were in the previous lease.*

#4 Question – *Within BP, there are a variety of lease agreements and a lot of the tenants were paying about \$1 per year and then an administrative fee came into place, is that pretty consistent throughout BP?*

Answer - *Patty Phillips responded: Most are paying the administrative fee, but not all. As we consider these as part of our portfolio, we want more uniformity. And, very candidly, I don't think anyone has looked at the city's real estate for a long period of time as we are looking at it now. There are a lot of things we have to do, but we are in the process of doing them. I am hoping that we have all of these things looked at within a year.*

#5 Question - *You said that you are going to start reviewing city leases in September and end in about 12 months after that. Do you know about at what point you will hit Balboa Park?*

Answer - *Jim Barwick responded: No. We have not set a schedule. I would suggest it would be towards the end of that cycle.*

#6 Question - *You mentioned that there are 8 institutions that don't have a lease currently. I know World Beat and Centro Cultural de la Raza are two, do you know which the other 6 are? It is very difficult to try to raise any type of capital without a lease.*

Answer - *Patty Phillips responded: No, not off the top of my head.*

#7 Question - *How much revenue is collected from BP tenants each year and if you had to look at market rates comparing to other cities, what could be hoped for to get an optimized revenue stream?*

Answer - *Jim Barwick responded: That is a difficult question to answer, first of all, the rent collected is not enough for even the maintenance of the park. We don't have the exact amounts but we can have that tomorrow.*

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CALL TO ORDER-

Chairperson Granowitz called the meeting to order at 5:32 pm. She announced that in this meeting there would be discussion mostly about leases, right of entry permits, and contracts.

PUBLIC COMMENT-

John Stump – Chollas Restoration Enhancement and Conservancy of City Heights

"In the park I see people enjoying the supplying nature of the park; versus Sea World, I see the large entertainment venue and the commercial aspects of it. I passed out materials. In the "notes" section of the last audit of the zoological society, in the operating agreements, you can see how much the zoo is paying the city for the privilege of being in the park, and in addition receiving \$9,000,000 in tax monies. You'll also see my proposal of amendment of City Charter 77a. Ask yourself, when Mr. Barwick gets up, how much Sea World is paying us for the privilege of bringing tourists in to town and making a profit. The zoo turns a profit, or excess of revenue, of \$25,000,000 to \$30,000,000 a year."

"Moving on to the Second subject, one of the things different about the park, than any other place, is the green nature of it and its carbon load. When you are doing your planning, I want you to think of how we can make BP a sustainable environment. How much carbon load are we putting into the environment with cars driving here, etc? I will be happy to answer any questions that you may have."

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Patty Phillips – Property Agent of Real Estate Assets

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Answer - Jim Barwick responded: *Most of the leases cover maintenance of the facilities. Generally, the tenants that invest in larger capital improvements come to this department and ask for an extension of their lease to offset the investment they made on the improvements.*

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When changes are made to the leasing policies, the leases that are in place are in place, those are contracts. It doesn't change those contracts; it just changes the policies that govern how the leases will be granted going forward. But there is nothing to prevent, under a new negotiated lease, the requirement of capital investment in the facility to cover all the costs, not just for the interior.

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Preferential non-exclusive use and occupancy permit -

- Almost in all instances insurance is required
- The two permits (preferential and special use) are somewhat identical in nature, the only difference between the two is that the preferential has responsibility for maintenance
- These facilities are available to the citizens when they can provide services that due to staffing, the city cannot provide. (ie, civic, social, educational, cultural, recreational, etc.)
- The preferential permit is issued to a specific area
- With both agreements the groups must be open to the public and must not discriminate
- They are able to charge, but it must go into their activities
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- The permit user is required to keep accurate financial records
- Requirement of a list of their by-laws and a roster of their board of directors

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Bruce Martinez- Balboa Park District Manager

Right of entry permits

- Issued to outside contractors
- Provides guidelines
- Protects city of liability
- Proof of insurance from the committee indemnifying the city
- The permit has a three part approval process (Deputy Director, Development Services, and the City Attorney's office)

Questions and Answers:

#13 Question - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

#14 Question - *It seems that there has been overlap between Real Estate Assets Dept. and Park and Rec., can you tell us how some of that has worked out?*

Answer - *Real estate is responsible for managing the leases. <For example>House of Hospitality, if they want to take on some type of tenant improvement, they would approach the Real Estate Assets Dept. Real Estate then would call us (Park and Rec.) for our feedback. Depending on the project, they may have to come to the BP committee and, in some instances, to the Park and Rec. Board.*

#15 Question - *Can you explain the range of fees that come back to park and recreation?*

Answer - *The SUP have no fees associated with them. Groups that have membership fees may benefit Park and Rec., but it doesn't necessarily come to Park and Rec. If they use any facility during hours of non-operation those rental fees go into the General fund. We would be happy to provide a list of permit definitions for you.*

Public Speaker #2 - Delouth Smith - President of the San Diego Youth Symphony

To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
- The Park and Rec. Board and the City Council have encouraged non-profit organizations to develop cultural, educational, and recreational programs through the utilizations of the buildings in BP.
- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
- Employment of more than 3,500 citizens.
- Combined capital investments add up to more than \$200M
- Complimentary admissions equal \$2M annually

#16 Question - *What is the tax payer liability for the operation of the institutions? There are 3,500 employees that would become the liability of the city if the non-profits weren't there.*

Answer - *That is correct. If the city had to run all of the organizations, the numbers would be enormous.*

David Lang will give the chair the fact sheet of the expenditures of the organizations for posting and also an explanation of who owns the artifacts in the institutions.

#17 Question - *There is a lack of funding to support all of Balboa Park, though there are the benefits of people coming from out of town and there is TOT, it does not find its way back to the park. And we know that there will never be an admission fee to enter BP. How do we best address the possibility of a revenue source from the users to benefit all of BP. Residents of San Diego are doing more than their share. <What about > user fees, whether it is event related, or coming to the cultural institutions. And the extra money is used to offset the underwriting that the City does.*

Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

She informed everyone that there is a list of websites on BalboaPark.org. The SanDiego Foundation will also put it up on their website. There is also a FAQ handout available now.

Chairperson Granowitz organized a list of proposed meetings to discuss study related topics, which she passed out to the rest of the committee. Initially, the committee was asked to finish sometime in early Fall, but that seemed challenging. This list of proposed topics takes this project all the way through November and into December, possibly into January. This is not available to the public yet because there are no dates attached to them and it is the first time the committee is looking at them. Chairperson Granowitz explained what the topics will be and the materials that will be brought to the table. She asked the committee to give their input on the proposed schedule.

Some committee members suggested that one of the topics to be discussed should be “fee schedule” and it could be added as a public comment item on an agenda.

Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm

WORKSHOP NOTES

City of San Diego Park and Recreation Board
Balboa Park Committee
July 24, 2008

ATTENDANCE:

Members Present

Laurie Burgett
Jerelyn Dilno
Vicki Granowitz
Mick Hager
Andrew Kahng
David Kinney
Mike McDowell
Michael Singleton
Donald Steele

Members Absent

Jennifer Ayala

Staff Present

Susan Lowery-Mendoza
Bruce Martinez
Kathleen Hasenauer

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#13 **Question** - *Is there a waiting list? Are there a finite number of organizations that can have a special use permit?*

Answer- *It is pretty finite; some of these organizations were listed in the Master Plan. We are very full as far as our building use but we do not have a waiting list.*

#14 **Question** - *It seems that there has been overlap between Real Estate Assets Dept. and Park and Rec., can you tell us how some of that has worked out?*

Answer - *Real estate is responsible for managing the leases. <For example>House of Hospitality, if they want to take on some type of tenant improvement, they would approach the Real Estate Assets Dept. Real Estate then would call us (Park and Rec.) for our feedback. Depending on the project, they may have to come to the BP committee and, in some instances, to the Park and Rec. Board.*

#15 **Question** - *Can you explain the range of fees that come back to park and recreation?*

Answer - *The SUP have no fees associated with them. Groups that have membership fees may benefit Park and Rec., but it doesn't necessarily come to Park and Rec. If they use any facility during hours of non-operation those rental fees go into the General fund. We would be happy to provide a list of permit definitions for you.*

Public Speaker #2 - Delouth Smith - President of the San Diego Youth Symphony

To give you an idea of what a special use entity looks like, we have been in the park since 1948. Pauline Des Granges invited us. We have a long history of bringing the finest youth musicians into the park. At the building of the current Casa del Prado building, along with the other groups of botanical association, we all moved into the building as residents under the special use permit program in 1971. We actually inherited, what we now discovered, was a storage space as our office. Three years ago our Board of Trustees, without the assurance of lease hold, made a commitment to upgrade that facility and invested \$300,000 into that room, as well as in the rest of the building. Many of us in these "special use circumstances" are doing that. Through that whole process, we learned a lot about how many of these

things work and, I have to say that, the Park and Recreation Department is unbelievably capable of managing the myriad of nuances of projects like this. When talking about fees being paid, there may not be a monthly fee, but there is a regular re-investment into the park.

David Lang – Executive Director of the Cultural Partnership (Handout)

Balboa Park Cultural Partnership:

Overview

- The partnership began in 2001 through a strategic planning initiative
- It was incorporated as a 501c3 in 2003
- The Partnership is the organizing body and collective voice for 24 cultural institutions in the park
- Formed by 500 trustees, 700 volunteers, and 3,500 Staff in the service of more than 6.5M visitors
- Was featured as a model program of collaboration for national and international communities in publications

Lease document governing the institutions:

- Balboa Park has played a significant role in the recreational, educational, and cultural enrichment of the citizens of San Diego for the past 80 years.
- The Park and Rec. Board and the City Council have encouraged non-profit organizations to develop cultural, educational, and recreational programs through the utilizations of the buildings in BP.
- Excerpt from Master Plan: “To nurture, enhance the cultural, recreational and passive resources of the park to meet the needs of the region and surrounding communities while respecting it’s physical, cultural, and historical environment.”

(David Lang read more of the leases and master plan, stating how invaluable some of the institutions are in Balboa Park)

Economic Impact:

- 24 members of the cultural partnership have direct expenditures
- In FY07 \$270 M dollars, with an economic impact of \$885M in the local economy
- Employment of more than 3,500 citizens.
- Combined capital investments add up to more than \$200M
- Complimentary admissions equal \$2M annually

#16 Question - *What is the tax payer liability for the operation of the institutions? There are 3,500 employees that would become the liability of the city if the non-profits weren't there.*

Answer - *That is correct. If the city had to run all of the organizations, the numbers would be enormous.*

David Lang will give the chair the fact sheet of the expenditures of the organizations for posting and also an explanation of who owns the artifacts in the institutions.

#17 Question - *There is a lack of funding to support all of Balboa Park, though there are the benefits of people coming from out of town and there is TOT, it does not find its way back to the park. And we know that there will never be an admission fee to enter BP. How do we best address the possibility of a revenue source from the users to benefit all of BP. Residents of San Diego are doing more than their share. <What about > user fees, whether it is event related, or coming to the cultural institutions. And the extra money is used to offset the underwriting that the City does.*

Answer - I think that the institutions are really excited about this process and are open to the many possibilities that come. I don't know that we've detailed, at this point, things like that. We are eager to still continue to do our part.

Public Speaker #2 - Carolyn Chase – San Diego Sierra Club

I founded Earth Day and am here taking notes on behalf of the San Diego Sierra Club. We are interested in the orphan places of Balboa Park. Referring back to those three questions, this issue of “Are there other options to consider for management of the park? I’d like to know if we’ve defined what area of the park we are referring to specifically. Looking at these reports, there are some great public private partnerships going on here. I think BP works extremely well for the amount of use that it gets. There are still orphan places here and there and everyone knows that there is a master plan. So what is it really about? Is it about raising more money? Is it about the management? What is it really about? I just wanted to put that on the record. I know that we are concerned about the public use areas, not so much the internal leases. I’d like to ask the Real Estates Assets Dept. if they have considered negotiating leases on the institutions with the ability to pay. Just because you are a non-profit doesn’t mean that you aren’t wealthy. Some non-profits can be really wealthy while others are really poor. I think you can raise money to build projects in the park. Do we need to have something new really? Or do we simply need to wear with all the leadership that goes out and say we need to raise \$200 M? I would like to see us get quite specific. How are the public spaces and orphan spaces going to be taken care of? Is it a maintenance issue or a capital improvement issue? Or is it management, because I see those things different?

Chairperson Granowitz responded that those are all viable issues. They are equally important and problematic and they will be discussed in more detail.

She informed everyone that there is a list of websites on BalboaPark.org. The SanDiego Foundation will also put it up on their website. There is also a FAQ handout available now.

Chairperson Granowitz organized a list of proposed meetings to discuss study related topics, which she passed out to the rest of the committee. Initially, the committee was asked to finish sometime in early Fall, but that seemed challenging. This list of proposed topics takes this project all the way through November and into December, possibly into January. This is not available to the public yet because there are no dates attached to them and it is the first time the committee is looking at them. Chairperson Granowitz explained what the topics will be and the materials that will be brought to the table. She asked the committee to give their input on the proposed schedule.

Some committee members suggested that one of the topics to be discussed should be “fee schedule” and it could be added as a public comment item on an agenda.

Mike McDowell commented that until now the committee has had good attendance. However, as the meetings continue twice a month, as long as a quorum is reached for every meeting that should be good enough. If anyone needs to miss any meetings, make sure to communicate it to the Chair.

As long as everyone is in agreement with the proposed schedule, the chair will go ahead and post the tentative schedule.

Meeting adjourned at 7:45 pm